COMMODORE INTERNATIONAL LIMITED

Sassoon House
Shirley & Victoria
Nassau, Bahamas

U.S. Office
1200 Wilson Drive
West Chester, Pennsylvania 19380

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

TO OUR SHAREHOLDERS:

The annual general meeting of the shareholders of COMMODORE INTERNATIONAL LIMITED (the "Company") will be held at Manufacturers Hanover Trust Company, 270 Park Avenue, in the auditorium on the third floor, New York, New York 10022, on November 20, 1984, at 10:00 A.M. (E.S.T.) for the following purposes:

1. To receive the consolidated financial statements of the Company and its subsidiaries for the year ended June 30, 1984, together with the report of the auditors thereon.

2. To elect directors.

3. To appoint Arthur Andersen & Co. as auditors.

4. To consider and act upon the Stock Incentive Plan for Key Employees of the Company.

5. To consider and act upon an increase in the number of authorized capital shares from 45,000,000 to 90,000,000.

6. To consider and act upon the adoption of Amended and Restated Articles of Association, by passing the following resolution:

   "RESOLVED, that the existing Articles of Association of the Company be rescinded and replaced by the Articles of Association annexed as Appendix B to the Proxy Statement of the Company dated October 16, 1984 with respect to the Annual General Meeting of Shareholders to be held on November 20, 1984 and the Special General Meeting of Shareholders to be held on December 5, 1984;"

(such resolution, if passed by the requisite majority of shareholders, to be subject to confirmation as a Special Resolution at the Special General Meeting of Shareholders scheduled for December 5, 1984).

7. To transact such other business as may properly come before the annual general meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on October 16, 1984 as the record date for determining shareholders entitled to notice of the annual general meeting.

By Order of the Board of Directors,

JOSEPH C. BENEDETTI
Secretary

October 16, 1984

COMMODORE INTERNATIONAL LIMITED

Sassoon House
Shirley & Victoria
Nassau, Bahamas

U.S. Office
1200 Wilson Drive
West Chester, Pennsylvania 19380

NOTICE OF SPECIAL GENERAL MEETING OF SHAREHOLDERS

TO OUR SHAREHOLDERS:

A special general meeting of the shareholders of COMMODORE INTERNATIONAL LIMITED (the "Company") will be held at 1200 Wilson Drive, West Chester, Pennsylvania 19380, on December 5, 1984, at 10:00 A.M. (E.S.T.) for the following purposes:

1. To consider and act upon the adoption of Amended and Restated Articles of Association, by confirming as a Special Resolution the following:

   "RESOLVED, that the existing Articles of Association of the Company be rescinded and replaced by the Articles of Association annexed as Appendix B to the Proxy Statement of the Company dated October 16, 1984 with respect to the Annual General Meeting of Shareholders to be held on November 20, 1984 and the Special General Meeting of Shareholders to be held on December 5, 1984."

2. To transact such other business as may properly come before the special general meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on October 16, 1984 as the record date for determining shareholders entitled to notice of the special general meeting.

By Order of the Board of Directors,

JOSEPH C. BENEDETTI
Secretary

October 16, 1984

COMMODORE INTERNATIONAL LIMITED

Sassoon House
Shirley & Victoria
Nassau, Bahamas

U.S. Office
1200 Wilson Drive
West Chester, Pennsylvania 19380

PROXY STATEMENT

ANNUAL GENERAL MEETING OF SHAREHOLDERS
November 20, 1984

AND

SPECIAL GENERAL MEETING OF SHAREHOLDERS
December 5, 1984

SOLICITATION BY BOARD OF DIRECTORS

This proxy statement, which is first being mailed to shareholders on or about October 17, 1984, is furnished in connection with the solicitation of proxies by the Board of Directors (the "Board") of COMMODORE INTERNATIONAL LIMITED (the "Company") for use respectively at the Annual General Meeting of the Shareholders of the Company to be held on November 20, 1984 and the Special General Meeting of the Shareholders of the Company to be held on December 5, 1984 and at any adjournments thereof, for the purposes set out in the attached notice of meeting.

As of the close of business on October 16, 1984, the record date for shareholders entitled to notice of the meetings, the Company had outstanding and entitled to vote 30,895,801 capital shares, each share being entitled to one vote. Proxies may be revoked by the shareholder granting the proxy or by any person who becomes the record holder of the shares with respect to which the proxy is granted (to the extent of the shares so acquired) prior to the date of the meeting to which the proxy relates by a proxy or other written notification to the Secretary of the Company.

Proxies in the accompanying form which are properly executed by shareholders and duly returned to the Company and not revoked will be voted (a) with respect to directors, in the manner indicated below under "Election of Directors" unless authority to vote with respect to any individual director or all directors is withheld, and (b) with respect to the other proposals, in accordance with the specification, if any, made by the shareholder, and, if no specification is made, in favor of the proposals.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth as of October 12, 1984 with respect to each person who is known to the Company to be the beneficial owner of more than five percent of the outstanding shares: (i) the name and address of such owner, (ii) the number of shares beneficially owned, and (iii) the percentage of the total number of shares so owned.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class
Irving Gould Coral Harbour, N.P. Bahamas	6,020,338 (1)	19.5

(1) Includes 75,000 shares which may be acquired pursuant to the exercise of stock options.

ELECTION OF DIRECTORS

Each of the six persons whose names appear below is proposed to be elected at the annual general meeting of shareholders as a director of the Company to serve until the next annual general meeting of shareholders or until his successor is elected or appointed or until such later time as may be established if the proposed Amended and Restated Articles of Association are adopted. In the event of such adoption the Board would be divided into three classes having staggered terms of three years each and each Director would serve until the annual general meeting of shareholders at which directors of his class are to be elected or until their respective successors are elected or appointed. In such event, Messrs. Gould and Haig would serve until the 1987 annual general meeting of shareholders, Messrs. Winberg and Smith would serve until the 1986 annual general meeting of shareholders and Messrs. Seligman and Utting would serve until the 1985 annual general meeting of shareholders.

It is intended that the shares represented by proxies solicited by the Board will be voted in favor of the election of such persons as directors of the Company unless otherwise instructed. All nominees are currently directors of the Company. Unless otherwise indicated, the positions listed in the table below have been held for more than five years.

If, at the time of the meeting, any nominees are unable or decline to serve or, for any other reason, vacancies occur in the slate of such nominees, it is intended that the discretionary authority provided in the proxy to Board nominees will be exercised to vote such proxies for the election of any other persons nominated by the Board as directors. The Board has no reason to believe that any nominee will be unable or will decline to serve or that any substitute nominee or nominees will be required.

			Shares of the Company Beneficially Owned as of October 12, 1984	
Name and Age of Nominee	Present Principal Occupation	Director Since	Number of Shares (1)	% of Class
Irving Gould (65)	Chairman of the Board of Directors (3)	1966	6,020,338(2)	19.5
Marshall F. Smith (55)	President and Chief Executive Officer of the Company (4)	1984	17,000	*
Burton Winberg (60)	President of Rockport Holdings Limited (Construction) (5)	1973	127,724	*
Ralph D. Seligman (64)	Consultant Counsel to Seligman, Maynard & Co. (law firm) (6)	1981	400	*
Alexander M. Haig, Jr. (59)	Senior Fellow of The Hudson Institute (7)	1984	1,500	*
Robert A. Utting (61)	Vice Chairman of the Royal Bank of Canada (9)	1984	500(8)	*

* less than 1%

(1) All officers and directors as a group (14 persons) beneficially owned 6,210,962 shares (approximately 20.1% of the outstanding shares) of the Company as of October 12, 1984. The persons named, and all officers and directors as a group, have sole voting and investment power with respect to the shares indicated. The number of shares beneficially owned by all officers and directors as a group does not include 800 shares which are held by the children of one officer of the Company; such officer disclaims beneficial ownership of such shares.

(2) Includes 75,000 shares which may be acquired pursuant to the exercise of stock options.

(3) Mr. Gould is also a Director of Superpack Corporation Limited, a packaging and distribution company and in January 1983, became Chairman Emeritus of the Board of Directors of Interpool Limited, a container leasing company, after having been Chairman of the Board for more than five years.

(4) Mr. Smith was elected President and Chief Executive Officer in February 1984. Mr. Smith held the position of President of the United States' subsidiary of Thyssen-Bornemisza, N.V., a multinational conglomerate, for more than five years before joining the Company.

(5) Mr. Winberg has been President of Rockport Holdings Limited for more than five years. He is also a Director of Superpack Corporation Limited and Goldale Investments Limited, an oil and gas development company.

(6) Mr. Seligman has been Consultant Counsel to Seligman, Maynard & Co. since 1981 and prior to that was a senior partner in such firm for more than five years. The law firm of Seligman, Maynard & Co. has represented the Company since 1976.

(7) General Haig became a consultant to the Company in May 1984. He is also a Director of Leisure Technology Corporation, Inc., MGM/UA Entertainment Co., MGM/UA Home Entertainment Group, Inc. and Allegheny International Corporation. He was Secretary of State of the United States from January 1981 until July 1982 and prior thereto was President and Chief Operating Officer of United Technologies Corp. from 1979 through 1981.

(8) Includes 400 shares owned by a trust for the benefit of family members; Mr. Utting disclaims beneficial ownership of such shares.

(9) Mr. Utting is also a Director of the Royal Bank of Canada, Halco Inc., Prudential Assurance Company of Canada, the Institute of International Finance, Inc., Tiedemann-Goodnow International Capital Corp., Viatech, Inc., CAST (1983) Ltd., Cambridge Shopping Centers Limited, Canadian Realty Corp. Ltd., Pension Fund Society of the Royal Bank of Canada, Royal Bank Realty Inc., Royal Bank Mortgage Corporation, Munich Reinsurance Co., RoyFund Equity Ltd., RoyLease Limited and RoyNat Inc.

BOARD OF DIRECTORS MEETINGS AND STANDING COMMITTEES

The Company has an Audit Committee of the Board of Directors which reviews the scope of audits performed by the independent accountants, the auditors' reports, the Company's consolidated financial statements and any changes in accounting policy that may have occurred, and consults with the independent accountants and management of the Company with regard to the adequacy of internal controls. The present members of the Audit Committee are Messrs. Winberg and Utting. During the fiscal year, there was one Audit Committee meeting. The Company has no standing nominating, compensation or other similar committees of the Board of Directors. During the last fiscal year, there were four meetings of the Board of Directors. All of the Directors, with the exception of Mr. Seligman and a former director, attended all the meetings which occurred during the period they were directors.

EXECUTIVE COMPENSATION AND OTHER MATTERS

Cash Compensation

The following table shows the aggregate cash compensation paid by the Company and its consolidated subsidiaries, during the year ended June 30, 1984, to (i) each of the five highest paid executive officers of the Company whose total cash compensation exceeded $60,000, and (ii) all executive officers of the Company as a group.

Name of Individual or Number of Persons in Group	Capacities In Which Served	Cash Compensation (1)
Irving Gould	Chairman of the Board	$ 300,000
Marshall F. Smith	President and Chief Executive Officer	136,923 (2)
Jack Tramiel	(3)	306,279
Lloyd Taylor	(4)	253,124 (5)
Bernhard W. Witter	(6)	150,000 (7)
All executive officers as a group (14 in number, including those named above)		1,665,784

(1) Includes salaries and amounts allocated or paid under the Company's bonus plan.

(2) Does not include a bonus of $877,500 paid to Mr. Smith in connection with stock purchase arrangements pursuant to his employment agreement with the Company. See "Employment Agreements".

(3) Mr. Tramiel was the President and Chief Executive Officer of the Company until he resigned on January 13, 1984.

(4) Mr. Taylor was a Vice President of the Company until May 31, 1984, at which time he became a Consultant to the Company.

(5) Mr. Taylor's compensation does not include 6000 shares of stock of the Company granted to him as a bonus in fiscal 1984.

(6) Mr. Witter was the Vice President-Finance, Secretary and Treasurer of the Company until May 31, 1984.

(7) Mr. Witter's compensation does not include $36,750, payable in January 1985, for cancellation of stock options.

Compensation Pursuant to Plans

The Company has no annuity, pension or retirement plans. The Company has a discretionary bonus plan under which bonuses for members of management are determined by the Chief Executive Officer of the Company based on the financial performance of the Company and the contributions of individual members of management. The maximum amount that the Company may pay in bonuses in any given fiscal year is limited to 10% of the increase in the Company's net income over the prior year's net income. For the fiscal year 1984, the Company could award up to an aggregate of $5,200,000 as bonuses. Payments under this plan are included in the table under "Cash Compensation".

The following table shows the aggregate amount paid by the Company and its consolidated subsidiaries during the past five years under the bonus plan to (i) the persons named, (ii) all current executive officers as a group, (iii) all other current officers and directors as a group and (iv) all other current employees as a group.

Irving Gould	$ 545,000
Marshall F. Smith	—
All current executive officers as a group	783,910
All other current officers and directors as a group	35,000
All other current employees as a group	1,335,330

Stock Options

The following table shows as to the persons and group named: (i) the number of shares (and average per share option price) covered by options granted during the year ended June 30, 1984, and (ii) the net value of shares (market value less exercise price) realized during that period due to the exercise of options granted during the period or prior thereto. All share figures and prices have been adjusted in accordance with the terms of the options to reflect all stock splits occurring after the grant of option.

Name of Individual or Number of Persons in Group (1)	Options Granted		Options Exercised: Net Value Realized in Shares (Market Value Less Exercise Price)
	Number of Shares	Average Per Share Option Price	
Irving Gould	—	—	—
Jack Tramiel	—	—	—
Lloyd Taylor	—	—	—
Bernhard W. Witter	—	—	—
All executive officers as a group (14 in number, including those named above)	40,000	$30.75	$1,219,005

(1) Does not include 300,000 shares covered by options granted to Marshall F. Smith pursuant to his employment agreement with the Company. See "Employment Agreements."

The following table shows as to the persons and groups named: (i) the number of shares (and average per share option price) covered by options granted from July 1, 1979 to July 31, 1984, and (ii) the net value of shares (market value less exercise price) realized during that period due to the exercise of options granted during the period or prior thereto. All share figures and prices have been adjusted in accordance with the terms of the options to reflect all stock splits occurring after the grant of option.

Name of Individual or Number of Persons in Group (1)	Options Granted		Options Exercised: Net Value Realized in Shares (Market Value Less Exercise Price)
	Number of Shares	Average Per Share Option Price	
Irving Gould	75,000	$14.00	—
All Current Executive Officers as a Group	155,500	15.17	$1,798,074
All Other Current Officers and Directors as a Group	4,000	37.63	—
All Other Current Employees as a Group	340,550	16.70	4,304,537

(1) Does not include 300,000 shares covered by options granted to Marshall F. Smith pursuant to his employment agreement with the Company. See "Employment Agreements."

Except in the case of Messrs. Gould and Smith, one other executive officer (who was granted options covering 40,500 shares at an average per share option price of $1.93) and two other employees (one of whom was granted options covering 6,750 shares at an average per share option price of $2.05, and one of whom was granted options covering 67,500 shares at an average per share option price of $1.33 ($.67 below the market price at the date of grant)), all options were granted under the Company's 1980 Stock Option Plan. Under such Plan, options are granted at 100% of the fair market value of the underlying shares at the date of grant, and the options expire six years from the date of grant and are exercisable in annual increments of 20% beginning one year from the date of grant.

For information with respect to options granted during the period from August 1, 1984 to October 12, 1984, all of which were granted under the Stock Incentive Plan for Key Employees of the Company, see "Stock Incentive Plan."

During the period from July 1, 1979 to October 12, 1984, all current directors and executive officers who exercised options during such period sold an aggregate of 45,300 of the Company's shares.

Compensation of Directors

Directors who are not employees of the Company now receive an annual director's fee of $15,000 payable in quarterly installments. On and prior to March 31, 1984, such directors received an annual director's fee of $10,000, payable in quarterly installments. Members of the Audit Committee receive an additional $1,000 per meeting of the Audit Committee attended plus expenses.

Employment Agreements

Mr. Smith joined the Company as President and Chief Executive Officer on February 21, 1984 pursuant to an agreement terminating five years thereafter under which he is to serve in such position at a salary of $400,000 per year plus annual bonus compensation (a minimum of $300,000 per year for the first two years of employment) which, it is contemplated, would equal his salary if the Company's net earnings reach goals to be set by the Board. He also received options to purchase 300,000 shares at an option price of $30.375 per share (the closing price of the Company's shares on the date he joined it), accompanied by rights to receive, at his option and in lieu of the related options, payment in cash of the amount by which the closing price of the shares at the date of receipt exceeds the option price. The options and rights become exercisable as to 20% of the shares covered on each February 21 from 1985 through 1987 and the remaining 40% on February 21, 1988, and terminate on February 21, 1989 or such earlier date as Mr. Smith's employment is terminated voluntarily by him without the consent of the Company or by the Company for cause. Mr. Smith may borrow from the Company amounts required for the exercise of options, such loans to bear interest at a rate up to the Company's highest cost for bank funds and to be repaid in five years or, if earlier, 180 days after termination of his employment. In addition, pursuant to the agreement, as amended, the Company sold to Mr. Smith 15,000 Company shares for $438,750, and paid to him a bonus of 200% of such amount, such bonus being intended to provide him with the funds to make such purchase after providing for federal taxes at an assumed 50% rate on such bonus.

In the event of an agreement for the merger, consolidation or sale of all or substantially all of the assets of the Company, the acquisition of more than 40% of the Company's voting shares by a person or group or a change in the majority composition of the Company's Board (other than through nominations or elections of new directors by a majority of their predecessors), Mr. Smith's options and rights become immediately exercisable and, if he, in his discretion, determines that changed conditions are such that he can no longer continue his position, he may terminate the agreement in which case he is entitled to a payment of twice his then salary without being required to provide further services.

The agreement permits the Company to convert Mr. Smith's status to that of consultant after the third year, in which case his compensation is one-half of his then salary, and provides that if his employment is terminated by reason of his disability, he is entitled to disability benefits equal to 65% of his salary for the balance of the term of the agreement.

STOCK INCENTIVE PLAN

The Stock Incentive Plan for Key Employees of the Company (the "Plan"), was adopted by the Board on October 9, 1984. All officers and key employees of the Company who are in positions which enable them to make significant contributions to the long-term performance and growth of the Company are eligible to receive awards under the Plan. There are approximately 125 employees of the Company, including all of the Company's officers, who are expected to be eligible to participate in the Plan.

The Plan will be administered by the Board of Directors, which may delegate any of its authority to an Incentive Compensation Committee which will consist of at least three members of the Board. No member of the Incentive Compensation Committee will be eligible to participate in any type of award, if authority to administer such type of award has been delegated to the Committee. Any further references in this section to the "Committee" shall mean either the Board or, if established, the Incentive Compensation Committee.

The Plan is an amendment and restatement of the Company's 1980 Stock Option Plan (the "Old Plan"). The following are some of the principal changes from the Old Plan.

1. The Plan authorizes the grant of Incentive Stock Options, Non-Qualified Stock Options with or without tandem Stock Appreciation Rights, and Restricted Stock (these terms are explained below). The Old Plan authorized only Incentive Stock Options and Non-Qualified Stock Options and, in the case of the latter, required, as the Plan does not, that such options be granted only at 100% of the stock's fair market value at the date of the grant.

2. The proposed Plan eliminates the 1990 termination date of the Old Plan and increases the number of shares available for use under the Plan for incentive use from 1,765,722 to 2,515,722 shares: the Plan authorizes grants with respect to a maximum of 3,000,000 shares (which amount includes 308,326 shares covered by options outstanding under the Old Plan); the Old Plan authorized a maximum of 2,250,000 shares (of which 175,952 shares have been issued upon exercise of options, and, as noted, 308,326 shares are covered by outstanding options).

The following summarizes the principal features of the Plan. Reference is made to the Plan (attached to this Proxy Statement as Appendix A) for fuller information.

Types of Awards

Awards pursuant to the Plan may take the form of incentive or non-qualified stock options, stock appreciation rights, restricted stock or a combination of these forms of awards.

Incentive Stock Options. Incentive Stock Options ("ISOs") are options (a right to purchase a stated number of shares at a specified price within a given period) intended to qualify as "Incentive Stock Options" under Section 422A of the Internal Revenue Code of 1954, as amended (the "Code"), and are therefore subject to certain special restrictions. The exercise price of an ISO may not be less than 100% of the fair market value of the Company's shares on the date of grant and the aggregate fair market value of shares covered by all ISOs granted to an optionee under the Plan in a single calendar year may not exceed $100,000, plus any unused limit carryover to such year within the meaning of Section 422A of the Code. Additional restrictions apply to ISOs granted to a 10 percent shareholder (as defined in Section 422A(b)(6) of the Code). A participant may exercise an ISO during the option period at such time, and in such amounts (subject to a 100-share minimum), as he desires and may pay the exercise price in cash or in such other consideration (which may be other shares or notes) as the Committee may determine. All options granted under the Plan, including non-qualified stock options, are exercisable on a cumulative basis at a rate of 20% each year, beginning on the first anniversary of the date of grant, unless the Committee determines otherwise.

In the event of termination of an optionee's employment, any unexercised portion of the ISO will terminate. If such termination of employment is by reason of death or disability, the ISO may be exercised for a period of 12 months after such termination, unless the expiration date of the ISO occurs sooner.

Non-Qualified Stock Options. All Non-Qualified Stock Options ("NQSOs") granted under the Plan may be for such (i) number of shares, (ii) purchase price and (iii) term (up to 10 years) as the Committee, in its sole discretion, may determine; however, no NQSO may become exercisable prior to one year after grant. The unexercised portion of an NQSO terminates upon termination of the optionee's employment, unless the Committee in its sole discretion determines otherwise. In the event of termination by reason of retirement at or after age 65, disability, or death, the unexercised portion of

any NQSO shall expire three months after retirement or disability or one year after death, unless the expiration date of the NQSO occurs sooner.

Stock Appreciation Rights. A Stock Appreciation Right ("SAR") is a right, which under the Plan may only be granted in conjunction with an NQSO and which provides a participant, with respect to the number of shares for which the SAR is exercised, with an amount equal to the difference between the fair market value of the shares on the date the SAR is exercised and the exercise price of the NQSO. Each SAR is subject to the same conditions on termination of employment as the related NQSO.

Restricted Stock. A recipient of restricted stock is entitled to receive shares of the Company at no out-of-pocket cost or to purchase shares of the Company at a price determined by the Committee which is expected to be below the stock's fair market value. Such shares will be nontransferable and subject to restrictions which will render them subject to forfeiture. These restrictions may require a recipient's continuing employment and will make them subject to repurchase or reacquisition by the Company and prohibit any sale, transfer or other disposition or pledge or hypothecation until the restrictions lapse. The time period of the restrictions and rate of lapse of such restrictions are determined by the Committee in its sole discretion. If any required period of continued employment is not completed, or is only partially completed, the stock will be partially or completely forfeited. The risk of forfeiture, which is determined by the Committee, will be "substantial" for purposes of Section 83 of the Code in order to avoid immediate taxation to the participant.

Standard Option Grant. The Plan provides that, subject to change by the Committee, the Committee's standard policy will be to grant each participant an option to purchase the number of shares determined by the Committee at 100% of their fair market value on the date of grant of such option. If the participant is a United States citizen or resident such options shall be ISOs, up to the limit imposed by the Code on the number of shares which may be granted under an ISO. Otherwise, all options shall be NQSOs. All NQSOs shall be accompanied by SARs for the same number of shares, provided, however, that a participant wishing to exercise an SAR is to give written notice of such exercise to the Committee stating the number of NQSOs and SARs he wishes to exercise at such time, and the Committee, in its sole discretion, will then determine whether to honor the participant's request in whole, to permit him to exercise a lesser number of SARs (as set by the Committee), or to deny him the right to exercise any such SARs. The Committee may condition its consent of any exercise of SARs on the participant's written agreement to hold all shares received upon exercise of the related NQSO for a period of one year, or may impose any other term or condition on exercise which it deems appropriate.

Federal Income Tax Consequences

Stock Options. No taxable income will be recognized by the optionee, and no deduction will be allowed to the Company, upon the grant of any option under the Plan.

Upon an exercise of an NQSO, an optionee, other than an officer of the Company, will recognize income in the year in which the option is exercised in an amount equal to the difference between the fair market value of the shares on the date of exercise and the option price; the amount so recognized as income will be deductible by the Company (provided the Company appropriately withholds from the employee). Upon the exercise of an NQSO by an officer, there will be no immediate tax consequences unless the officer elects to recognize income (in an amount determined as described in the preceding sentence) by making the appropriate election with the Internal Revenue Service within 30 days after exercise. If such election is made, the Company will be entitled to a deduction equal to the amount of income recognized by the officer. If the officer does not make such election, he will recognize income and the Company will be entitled to a deduction six months after the date of exercise. The amount of income then recognized will be the amount by which the fair market value of the shares on such date exceeds the option price.

Upon any subsequent sale of the shares, the optionee's basis in the shares for determining gain or loss will be the sum of the option price and any gain recognized upon exercise. If the shares purchased as a result of the exercise of such option constitute capital assets in the hands of the optionee, any gain or loss recognized to the optionee upon the sale or other disposition of any of these shares will be a capital gain or loss, either long-term or short-term, depending upon the holding period of the shares.

No taxable income will be recognized by the optionee upon the exercise of an ISO. However, the difference between the fair market value of the stock on the date of exercise and the exercise price is an item of tax preference for purposes of the alternative minimum tax. If the shares purchased thereunder are held for a period of at least two years from the date of the grant of the option and one year from the date the option is exercised, any gain recognized on any subsequent sale will constitute long-term capital gain rather than ordinary income, and the Company will not be entitled to any deduction. However, if the stock acquired pursuant to an ISO is disposed of by the participant within one year from the date of exercise or two years from the date of the grant of the option (a "disqualifying disposition"), the portion of the gain equal to the difference between (a) the fair market value of the stock at the time the option was exercised and (b) the exercise price will be taxed as ordinary income. With certain exceptions, the balance, if any, will be long-term or short-term capital gain depending on whether the stock was held for one year or more after the date of exercise. In this case, the Company would be entitled to a deduction equal to the amount of ordinary income recognized by the employee by virtue of such disposition (provided the Company appropriately withholds from the employee).

Stock Appreciation Rights. An employee who receives a stock appreciation right will not thereby realize taxable income, but upon exercise of the right the amount of cash received must be treated as compensation by the employee. Under such circumstances, the Company will be entitled to a corresponding tax deduction in the same amount which the employee is required to treat as compensation received.

Restricted Stock. An employee who receives restricted stock may, by making the appropriate election with the Internal Revenue Service within 30 days, elect to recognize income in an amount equal to the excess of the fair market value of the stock over the amount paid for the stock, even though the stock is subject to a substantial risk of forfeiture. If such election is made, (i) the Company will be entitled to a deduction equal to the amount of income recognized, (ii) any dividends subsequently received on the stock will be taxed to the employee as dividend income, and (iii) on the sale of the stock, any difference between the amount realized and the market value of the shares on which income was recognized will be capital gain or loss. If an election is made with respect to any shares and such shares are subsequently forfeited, the employee will not be entitled to any loss or deductions.

If no such election is made, no income will be recognized by the employee (and no deduction will be permitted the Company) with respect to the acquisition of the shares until the date restrictions lapse, at which time the employee will recognize ordinary income in an amount equal to the fair market value of the stock on that date, less the amount paid, if any, and the Company will be entitled to a corresponding deduction.

The maximum aggregate number of shares as to which awards or options may at any time be granted under the Plan shall be 3,000,000 (which number includes shares covered by outstanding options under the Old Plan). Such shares may be either authorized but unissued shares, or shares previously issued and reacquired by the Company. The number of shares available is subject to adjustment in order to prevent dilution of rights under the Plan. If, and to the extent options granted under the Plan terminate, expire or are cancelled without having been exercised, or awards of restricted stock are forfeited, new options may be granted with respect to the shares covered by the terminated, expired or cancelled options and forfeited shares may be reissued in restricted stock awards.

The Plan shall be effective immediately if approved by the holders of a majority of the shares of the Company entitled to vote at the Annual Meeting, and shall continue thereafter until terminated or

suspended by the Board. The Plan may be amended, terminated or modified by the Board at any time, except that the Board may not, without approval by a vote of the shareholders of the Company (i) increase the maximum number of shares for which options and awards may be granted under the Plan, (ii) reduce the option price at which options may be granted, (iii) extend the period during which options may be granted or exercised beyond the times originally prescribed, (iv) change the persons eligible to participate in the Plan or (v) increase the number of options or awards that may be granted to a recipient. No such termination, modification or amendment may affect the rights of an optionee under an outstanding option or the grantee of an award.

In addition to outstanding options covering 308,326 shares under the Old Plan, options covering an aggregate of 360,500 shares have been granted under the Plan, which options are subject to shareholder approval of the Plan. All of such options were Standard Option Grants. Options covering (i) 73,500 shares were granted to employees of the Company at an exercise price of $25.625 per share, including 10,000 shares granted to an executive officer of the Company and (ii) 287,000 shares were granted to employees of the Company at an exercise price of $24.75 per share, including 225,000 shares granted to Irving Gould and 7,500 shares granted to another executive officer of the Company.

The Board of Directors recommends a vote FOR the approval of the Stock Incentive Plan.

INCREASE IN AUTHORIZED SHARES

The Company's Articles of Association now authorize 45,000,000 capital shares, no par value, $.01 stated value, of which 30,895,801 shares were issued and outstanding as of October 16, 1984. Of the 14,104,199 shares available for issuance on such date, approximately 2,074,048 shares were reserved for issuance in connection with stock options granted to employees and options which may be granted under the Company's 1980 Stock Option Plan. An additional 750,000 shares will be reserved for issuance if the proposed Stock Incentive Plan is adopted. The Board believes it would be desirable to increase authorized capital shares in order to make available additional shares for possible financing, stock dividends, acquisitions and such other purposes as may arise and in the opinion of the Board be in the best interest of the Company and its shareholders. Therefore, the Board has approved and recommends to shareholders an increase in authorized capital shares to 90,000,000 shares.

Under the Company's Articles of Association as now in effect, authorized shares may be divided into classes and each class may have "any preferential, deferred, qualified or special rights, privileges or conditions, whether as to voting or otherwise" and thus, in the opinion of the Company's Bahamian counsel, may be issued by the Board as common shares or as preference or preferred shares. This provision would be clarified and made more specific if the proposed Amended and Restated Articles of Association are adopted.

Except as stated above, at present management has no specific plans for issuance of any of the additional shares. As is the case with the Company's presently authorized and unissued shares, the issuance of the additional shares would, in most cases, be within the discretion of the Board without the requirement of further action by shareholders. Under the Company's Articles of Association as currently in effect and as proposed to be amended and restated, shareholders do not have preemptive rights and would not have such rights with respect to the issuance of the additional shares. Accordingly, the rights of existing shareholders may, depending on how additional shares are issued, be diluted by their issuance.

Adoption of the proposed amendment requires the affirmative vote of the holders of not less than a majority of the shares held by shareholders who are present in person or by proxy at the Annual General Meeting.

The Board of Directors recommends a vote FOR the approval of the proposed amendment increasing authorized shares.

PROPOSED AMENDMENT AND RESTATEMENT OF ARTICLES OF ASSOCIATION

The Board has approved and recommends to shareholders the adoption of Amended and Restated Articles of Association for the Company. The Amended and Restated Articles are intended (i) to provide for the Company, which is a Bahamas corporation, through its Articles, guidance of the type which is normally supplied for public companies incorporated in the United States by the statutes of their jurisdiction of incorporation or through their by-laws, (ii) to clarify various provisions of the current Articles and (iii) to make substantive changes by providing for (A) a classified Board of Directors consisting of such number of directors as is designated by resolution of the Board of Directors (currently six directors), but not less than three nor more than 15, removable by the shareholders only for cause and (B) a special authorization requirement for Interested Party Transactions which includes the exclusion of the shares held by a Related Party (in substance the holder of 10% or more of the Company's outstanding voting shares) from the votes required for a Special Resolution to authorize a business combination involving such Related Party and imposition of the requirement of such a resolution for certain transactions involving a Related Party which might not otherwise require such authorization.

The Companies Act of the Bahamas (the "Act") contains few of the provisions normally found in American statutory corporate law. Thus, the Act does not define the power of directors to manage a Bahamian corporation, provide for by-laws, deal with matters of Board committees or corporate officers, payment of dividends or repurchase or redemption of shares, proxies, record dates or a variety of other elements of American corporate practice. Guidance as to these matters must be provided in the Articles of Association.

The Company's Articles of Association, as currently in effect, were drafted in accordance with Bahamian rather than American corporate practice and the Board has determined that in view of the Company's status as a substantial corporation with shares traded principally on the New York Stock Exchange, it would be desirable to amend and restate the Articles of Association to bring them closer in form and substance to American corporate practice. Major provisions are summarized under "General Structure and Content" below.

As noted, the Amended and Restated Articles also contain substantive changes dealing with a "Classified Board" and "Interested Party Transactions" (discussed in more detail under those headings below).

The Board believes that these changes are in the best interests of both the Company and its shareholders. In recent years there has been a trend towards the accumulation of substantial stock positions in public companies by third parties either with a view toward utilizing a control block of stock for forcing a merger or consolidation or as a prelude to proposing a restructuring or sale of all or part of a corporation. In many cases such third parties seek representation on a corporation's board of directors in order to increase the likelihood that their proposals will be implemented by the corporation. If the corporation resists the efforts to obtain representation on the corporation's board, such parties may commence proxy contests to have themselves or their nominees elected to the board of directors in place of certain directors, or the entire board.

The Board believes that swift changes in control are in many cases detrimental to the shareholders of the target company. The suddenness of a tender or exchange offer or other unnegotiated attempt to acquire control often deprives the shareholder of the opportunity to evaluate the merits of the proposed transaction. Forming a considered judgment with respect to a tender or exchange offer or other unnegotiated acquisition requires, among other things, an assessment of its fairness, an analysis of its tax implications for shareholders, and consideration of the impact of the transaction on the company, its employees and other constituencies. The short time period inherent in such offers and unnegotiated acquisitions frequently does not allow shareholders an opportunity to evaluate such transactions or to compare them to possible alternatives. Furthermore, substantial inequities can befall the remaining shareholders of a target company who are not affiliated with the acquiring entity. If

acquisition of the entire company does not follow the taking of control, the remaining minority shareholders may find the value of their investments reduced by the adoption of corporate policies and practices significantly different from those upon which they based their initial investments. Nor is there any guarantee that in any resulting acquisition of the remaining shares of the company, such minority shareholders will receive a price for their shares which reflects their value or which is equal to that initially paid by the controlling shareholder in order to acquire control.

The proposed changes are designed to encourage any person who might seek to acquire control of the Company to consult first with the Company's Board of Directors and to negotiate the terms of any proposed business combination or tender offer. The Board believes that any takeover attempt or business combination in which the Company is involved should be thoroughly studied by the Company's management and its Board to assure that all of the Company's shareholders are treated fairly.

Adoption of the proposed changes to the Company's Articles of Association could, however, discourage or frustrate future attempts to acquire control of the Company which are not approved by the incumbent Board of Directors, but which a majority of shareholders may deem to be in their best interests. One of the effects of the proposed changes may be to discourage prospective acquirers from making tender offers for, or open market purchases for, the Company's shares. As tender offers are often at a substantial premium above market price, and as large purchases made in the open market often result in temporary fluctuations in the market prices of such shares, shareholders may be denied the opportunity to sell their shares at prices in excess of historic market prices should the proposed changes discourage such tender offers or open market purchases. The proposed changes, if adopted, could also delay or discourage the assumption of control by a holder of a large block of the Company's shares or the removal of incumbent directors, even if shareholders considered such assumption or removal beneficial. Accordingly, the proposed changes could be characterized as "anti-takeover" proposals. By discouraging takeover attempts, the proposed changes may incidentally inhibit certain changes in the Company's Board of Directors and management (some or all of whom might be replaced in the course of a change of control).

These changes to the Company's Articles of Association are not being proposed in response to any present actions known by the Board of Directors to effect a change in the composition of the Board or to acquire control of the Company. Rather, the Board of Directors believes that the safeguards provided by the proposed changes are in the best interests of the Company and its shareholders.

The Company's Articles of Association do not currently contain provisions intended by the Company to have "anti-takeover" effects. However, the current Articles provide that its authorized shares may be issued, and Bahamas counsel has advised the Company that the Board may issue, such shares in separate classes with "any preferential, deferred, qualified or special rights, privileges or conditions, whether as to voting or otherwise" as the Board may determine. This authority would be clarified and made more specific by the proposed Amended and Restated Articles.

The Board does not have any current plans to propose amendments or make changes to the Company's Articles or Memorandum of Association that may be deemed to have "anti-takeover" implications except as described in this Proxy Statement.

The proposed amendments are permitted under Bahamas law and are consistent with the rules of the New York Stock Exchange, upon which the Company's shares are listed and traded.

General Structure and Content

Article 1 contains the definitions of certain terms used in the Articles.

Article 2 sets forth the shares authorized to be issued and the Board's power to issue such shares in separate classes with varying rights and preferences (based upon the advice of Bahamian counsel, the Board believes this provision (part of Article 2.1) clarifies but does not significantly change the power

the Board has under the current Articles), and to determine the terms and conditions and the nature and form of consideration for shares. Article 2 also clarifies the shareholder authorization needed to increase or decrease the number of authorized shares or effect changes in par value, stock splits or combinations, regulates stock certificates and stock transfers, permits the Board to fix record dates for purposes including the determination of shareholders entitled to notice of or to vote and those entitled to receive such dividends as may be declared (the current Articles provide record date authorization only for notice purposes), defines the extent to which dividends may be paid and authorizes repurchase by the Board of outstanding shares in such manner as the Board deems fit (which substantially broadens the current authorization).

Article 3 provides, in accordance with typical American by-laws, for meetings of the shareholders and for notice of such meetings, but deals specifically with the notice required to adopt Special Resolutions, a creation of the Act. Such resolutions require approval by a vote of three-fourths of the shares held by shareholders who are present in person or by proxy at a meeting followed after an interval of not less than 14 days nor more than one month by confirmation by a simple majority of the shareholders who are present in person or by proxy at a subsequent meeting. Article 3 also carries forward the provisions of the existing Articles making one-third of the voting shares sufficient to constitute a quorum and a majority of a quorum sufficient for most shareholder action and permitting two or more persons holding at least 10% of the outstanding voting shares to require the holding of a meeting and affording them the right to do so directly if the Company fails to call such a meeting.

Article 4 provides that the business and affairs of the Company are to be managed by or under the direction of the Board, which is to have the powers not reserved to the shareholders, contains the classified Board and related provisions discussed below, governs meetings, notice and compensation of directors in accordance with typical American practice and provides for Board committees (subject to authorization or changes by resolution adopted by a majority vote of the entire Board).

Article 5 provides for the normal complement of corporate officers, indicates that officers serve at the pleasure of the Board and describes their authority, subject to Board variation and control.

Article 6 contains new provisions on transactions involving interested directors and the Interested Party Transaction requirements discussed below.

Article 7 sets forth the authorization required before the Company may amalgamate, consolidate, merge or sell all or substantially all of its assets.

Article 8 requires the Board to keep minutes of proceedings of the shareholders, the Board and the committees of the Board, carries forward, in substance, the provisions of the current Articles requiring the Company to maintain certain registers in accordance with the Act, contains provisions governing the Company's books of account and the right to inspect such books, and requires that so long as the Company has shares listed on any stock exchange the Company distribute annual reports containing such financial information as is required by such exchange or applicable law.

Article 9 authorizes the determination by the Board of fiscal year, carries forward in substance, provisions of the present Articles on indemnification (with some further definition), voting of shares in other corporations, winding up and the corporate seal. Article 9 also sets forth provisions governing custody of securities owned by the Company, authentication and signing of documents, and members of the Company.

The foregoing discussion is intended only as a general summary of the structure and content of the proposed Amended and Restated Articles. Reference is made to the full text (attached to this Proxy Statement as Appendix B) for fuller information.

Classified Board of Directors

The Amended and Restated Articles of Association provide for a classified Board of Directors with members of the Board of Directors to be divided into three classes, each class to consist as nearly

as possible of one-third of the directors. The term of office of the Class I directors will expire at the first Annual Meeting following their election, the term of the Class II directors will expire at the second Annual Meeting following their election, and the term of the Class III directors will expire at the third Annual Meeting following their election. At each Annual Meeting held after the 1984 Annual Meeting, directors to be elected at such meetings will be elected for a three-year term. The directors of only one class will be elected at each subsequent Annual Meeting so that the regular term of only one class of directors will expire annually and any particular director will stand for election only once in each three-year period. Staggered elections, assuming approval of this proposal, will be applicable to every election of directors, and not just to elections following changes in control of the Company.

The Amended and Restated Articles of Association would also provide that (i) the number of directors constituting the whole Board would be such number of directors as is designated by resolution of the Board (currently six directors), but not less than three nor more than 15, (ii) in the event a vacancy should occur in the Board, the remaining directors will be authorized to fill such vacancy for the entire unexpired term irrespective of whether such term extends beyond the date of the next Annual Meeting, and (iii) directors may only be removed for cause and only by Special Resolution of the shareholders.

The proposed amendments described above will give the Board of Directors a greater likelihood of continuity and experience since at any one time approximately one-third of the Board will be in its second year of service and approximately one-third will be in its third year of service. The Board believes that a classified Board of Directors will decrease the likelihood that problems of continuity and stability might arise in the future.

Moreover, the Board is aware that in recent years there have been a number of sudden and disruptive attempts to acquire significant minority positions in certain companies in order to obtain actual control of the companies through the election of a new slate of directors. A classified Board will serve as an obstacle to any such attempts to acquire control of the Company, as, at a minimum, two successive Annual Meetings will be required in order to elect a majority of the Board of Directors.

The adoption of the proposed amendment may, however, deter certain mergers, tender offers or other future takeover attempts which some or a majority of shareholders may deem to be in their best interests. In addition, shareholders who do not approve of the policies of the Board will be unable to elect a majority of the members of the Board for a period of two years, unless such shareholders are able to obtain the removal of the incumbent directors for cause.

Interested Party Transactions

The Amended and Restated Articles of Association provide, in Article 6.2, that in determining the vote to adopt a special resolution for a transaction with an Interested Party, the shares held by the Interested Party shall be excluded and that a Special Resolution shall be required to authorize certain transactions involving an Interested Party which might not otherwise require such authorization (such as the sale of stock or assets of a subsidiary of the Company to and loans to the Interested Party from the Company). The provisions of Article 6.2 are not applicable to a transaction which would otherwise be an Interested Party Transaction if it is approved by the Board at a time when the person whose status as a Related Person would make the transaction an Interested Party Transaction had not yet become a Related Person.

The term "Related Person" is in substance defined as a person who, together with his Affiliates and Associates and any persons who are members of a "group" with such persons (such terms being used substantially in the same manner as under the Securities Exchange Act of 1934), is the beneficial owner of more than 10 percent of the voting power of the Company's outstanding shares.

The term "Interested Party Transaction" includes the following transactions when undertaken with a Related Person or with a corporation or entity which is, or after such transaction would be an Affiliate of a Related Person:

(a) a merger, amalgamation, or consolidation of the Company;

(b) the sale or other disposition by the Company or a subsidiary of assets of $5 million or more;

(c) the issuance (other than pursuant to a dividend, distribution or rights offering pro rata to shareholders) of shares or other securities having an aggregate fair market value of $5 million or more or 1% or more of the voting power of the Company or any subsidiary of the Company;

(d) any reclassification of securities, recapitalization, merger with a subsidiary or other transaction which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding stock of any class of the Company or a subsidiary owned by a Related Person; or

(e) any transaction which would result in the receipt by the Related Person of a direct or indirect benefit (except proportionately as a shareholder) from any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the Company or any subsidiary of the Company to the extent that the benefit received would exceed $2,500,000 in any year.

The term "Interested Party" is defined in substance as a Related Person involved in an Interested Party Transaction.

Irving Gould, Chairman of the Board of Directors of the Company and the beneficial owner of approximately 19.5% of the Company's shares is, by virtue of such ownership, a Related Person and transactions of the above type with Mr. Gould or an Affiliate would be Interested Party Transactions.

An amendment of the Classified Board or Interested Party Transactions provisions of the Amended and Restated Articles of Association or the adoption of any provision under the Articles or Memorandum of Association inconsistent therewith, or the adoption of any plan or proposal for the liquidation of the Company or the removal of any director for cause would also be considered an Interested Party Transaction if there exists at the time of such amendment, adoption or removal a Related Person who became a Related Person by the purchase of shares on or after September 30, 1984, in which case such Related Person would be deemed an Interested Party with respect thereto. Mr. Gould would not be deemed an Interested Party with respect to such an amendment, adoption or removal and would, therefore, be entitled to vote his shares on such matter since he has been a Related Person since prior to September 30, 1984.

The proposed changes are designed to provide safeguards for the Company's shareholders in the event another entity obtains a 10% or greater voting interest in the Company and then attempts to effect a merger or other acquisition transaction with the Company. The Board believes that frequently the terms of such transactions do not reflect arm's-length bargaining because one dominant influence controls both sides of the negotiations. In such a case, substantial inequities can result to the remaining shareholders.

It should be noted that the proposed changes do not discourage an attempt by another corporation, person or other entity to effect an Interested Party Transaction when such has been discussed in advance and approved by the Board at a time when the person whose status as a Related Person would make the transaction an Interested Party Transaction had not yet become a Related Person. The proposed changes would serve to reduce the danger of possible conflicts of interest between the Related Person on the one hand and the Company and its shareholders on the other.

Shareholders should recognize that adoption of the proposed changes could enable a minority of the shareholders to prevent a transaction favored by the majority. Because of the method of calculating the vote required for approval, the larger the percentage of shares held by a Related Person, the smaller the number of shares that may veto a proposal. For example, if a Related Person owning 40% of the outstanding shares proposed an Interested Party Transaction, 15% of the holders of the outstanding shares present at a shareholders meeting could prevent the transaction. Thus, if the proposed changes

were now in effect, Mr. Gould would, so long as he holds the percentage of shares he now does, have an absolute veto over any Interested Party Transaction proposed by any Related Person holding 24% or more of the Company's shares.

Procedure for Adoption of Amended and Restated Articles of Association

Adoption of the proposed Amended and Restated Articles of Association requires the adoption of a resolution by the affirmative vote of three-fourths of the shareholders entitled to vote as may be present in person or by proxy at the Annual General Meeting of Shareholders and the confirmation thereof as a Special Resolution by a majority of the shareholders entitled to vote as may be present in person or by proxy at the Special General Meeting of Shareholders. The text of the resolution expected to be proposed is as follows:

> "RESOLVED, that the existing Articles of Association of the Company be rescinded and replaced by the Articles of Association annexed as Appendix B to the Proxy Statement of the Company dated October 16, 1984 with respect to the Annual General Meeting of Shareholders to be held on November 20, 1984 and the Special General Meeting of Shareholders to be held on December 5, 1984."

The Board of Directors recommends a vote FOR the resolution relating to the Amended and Restated Articles of Association.

EXECUTIVE OFFICERS

The following table shows the names, ages and positions of executive officers of the Company who are not also directors:

Name	Age	Office
Alfred T. Duncan	40	Vice President
Robert Gleadow	35	Vice President
Harald Speyer	43	Vice President
John B. Kelly	48	Controller
Donald R. Greenbaum	33	Treasurer
Joseph C. Benedetti	42	Vice President, General Counsel and Secretary

Alfred T. Duncan joined the Company in September 1981 as Vice President, Finance of Commodore Electronics Limited. He was elected as Vice President of the Company in November 1981. Prior to joining the Company, he served as Assistant Treasurer from March 1977 until September 1981 of AM International, Inc., a diversified manufacturer of mechanical and electronic products.

Robert Gleadow became Vice President of the Company in August 1982. He became Managing Director of Commodore Electronics Limited in July 1983 after having been for more than five years General Manager of the Company's United Kingdom subsidiary.

Harald Speyer was named Vice President in November 1983, and is the Managing Director of Commodore Buromaschinen GmbH, having held that position since August 1980. Mr. Speyer has been the General Manager of Commodore Buromaschinen GmbH since October 1976. He is presently the Chairman of the Board of the Company's subsidiaries located in Belgium, The Netherlands, Denmark, Norway and Switzerland.

John B. Kelly was named Controller of the Company in May 1984. Before that, he was Vice President-Finance of Commodore Business Machines, Inc. since February 1983. Prior to his joining the Company, Mr. Kelly was Vice President and General Manager of a division of Russell Burdsel &

Ward from 1979 to 1983. Prior to that, he was Vice President-Finance of Massey-Ferguson Inc., which he joined in 1978.

Donald R. Greenbaum was elected Treasurer of the Company in May 1984. Prior to his election, he had held the position of Vice President of Investor Relations and Corporate Planning of the Company since December 1983. Prior to that, Mr. Greenbaum was Vice President of Manufacturers Hanover Trust Company in New York, which he joined in June 1973.

Joseph C. Benedetti was appointed Vice President, General Counsel and Secretary of the Company effective September 1, 1984. Before joining the Company, Mr. Benedetti served as Corporate Counsel and Secretary of Prudential Lines, Inc., a U.S. flag international ocean carrier, from May 1980 until July 1981, as General Counsel and a Director beginning in July 1981 and additionally as a Vice President beginning in April 1982. From March 1979 through May 1980, Mr. Benedetti was in private practice with Reamond & Pollio, P.C., a general corporate law firm in New York City.

FINANCIAL STATEMENTS AND APPOINTMENT OF AUDITORS

Pursuant to the Articles of Association of the Company, the Company is required to submit the financial statements of the Company and its subsidiaries for the year ended June 30, 1984, to the meeting. These financial statements and the auditors' report thereon are included in the Company's Annual Report previously mailed to shareholders. Approval of these financial statements by the shareholders is not required.

Arthur Andersen & Co. was the Company's auditor for the year ended June 30, 1984 and has been selected as the Company's auditor for the year ending June 30, 1985. The shareholders of the Company will be requested to approve the appointment. Representatives of Arthur Andersen & Co. are expected to be present at the annual general meeting of shareholders, to be available to respond to appropriate questions from shareholders and will also have the opportunity to make a statement if they desire to do so.

The Board recommends a vote FOR the appointment of Arthur Andersen & Co.

MISCELLANEOUS

Shareholder Proposals

Shareholder proposals intended to be presented at next year's annual general meeting, must be received by the Secretary of the Company at 1200 Wilson Drive, West Chester, Pennsylvania 19380 no later than June 30, 1985 in order to be included in the Company's proxy statement and form of proxy relating to that meeting.

Other Business

The Board knows of no matters expected to come before the meetings other than matters referred to in the proxy statement; it is anticipated that the proxies will be voted on any such matters in accordance with the best judgment of the persons acting under the proxies.

Cost of Solicitation

The cost of solicitation of proxies from the shareholders will be paid by the Company, including expenses in connection with preparing and mailing this Proxy Statement. Such solicitation may also be made by the Company's regular officers and employees personally or by telephone, telex or telegram. The Company will also, upon request therefor, reimburse brokers or persons holding shares as nominees for their reasonable expenses in sending proxies and proxy material to beneficial owners.

The Company has retained Morrow and Co., Inc. to assist in the solicitation of proxies for a fee of $12,500 plus reimbursement of expenses.

Annual Reports

The Company's Annual Report to Shareholders for the year ended June 30, 1984, including audited financial statements, has been mailed to Shareholders.

A copy of the Company's Form 20-F Annual Report for the fiscal year ended June 30, 1984 to be filed with the Securities and Exchange Commission may be obtained by any shareholder without charge by writing to Commodore International Limited, 1200 Wilson Drive, West Chester, Pennsylvania 19380.

By Order of the Board of Directors,

JOSEPH C. BENEDETTI
Secretary

October 16, 1984

APPENDIX A

THE STOCK INCENTIVE PLAN FOR KEY EMPLOYEES OF COMMODORE INTERNATIONAL LIMITED AND ITS SUBSIDIARIES (AMENDING AND RESTATING THE 1980 STOCK OPTION PLAN FOR SUCH EMPLOYEES)

1. *Purposes*

The purposes of the Stock Incentive Plan for Key Employees of Commodore International Limited (the "Plan") are (i) to provide incentives to those key employees whose performance will contribute to the long-term success and growth of Commodore International Limited (the "Company"), (ii) to strengthen the ability of the Company to attract and retain employees of high competence, (iii) to increase the identity of interests of such employees with those of the Company's stockholders, and (iv) to help build loyalty to the Company through recognition and the opportunity for stock ownership.

2. *Elements of the Plan*

The Plan provides the Company's Board of Directors with the discretion to grant or award participants incentives relating to the Company's common stock utilizing (1) incentive stock options, (2) nonqualified stock options which may be coupled with stock appreciation rights and/or (3) restricted stock. These benefits may be granted participants singly or in any combination which the Board deems appropriate.

3. *Standard Option Grant*

Notwithstanding anything provided herein, it shall be the Board's standard policy to grant each participant an option to purchase a number of the Company's capital shares, no par value, $.01 stated value (the "Common Shares"), as determined by the Board at their fair market value on the date of grant of such option (the "Standard Option Grant"). If the participant is a United States citizen or resident such options shall be Incentive Stock Options to the extent permitted by the Internal Revenue Code of 1954 (the "Code") and subject to any limit imposed by the Code on the number of shares which may be granted under an Incentive Stock Option. Otherwise options shall be Nonqualified Stock Options. Any such Nonqualified Stock Options shall be accompanied by Stock Appreciation Rights for the same number of shares, which Stock Appreciation Rights shall be subject to the provisions of Section 12 hereof.

4. *Shares Subject to the Plan*

The maximum aggregate number of shares as to which awards or options may at any time be granted under this Plan shall be 3,000,000 Common Shares, subject to adjustment after the effective date set forth in Section 25 hereof as provided in Section 23 hereof. Such Common Shares may be either authorized but unissued shares, or shares previously issued and reacquired by the Company. If and to the extent options granted under the Plan terminate, expire or are cancelled without having been exercised, or if any shares of restricted stock are forfeited, the shares subject to such option or award shall again be available for purposes of the Plan.

5. *Plan Administration*

The Plan shall be administered by the Company's Board of Directors (the "Board"). The Board may delegate this or any other authority granted it hereunder to a committee which shall consist of at least three members of the Board (the "Incentive Compensation Committee"). No member of the Incentive Compensation Committee shall be eligible to participate in the Plan, if authority to administer the Plan has been delegated to the Committee (any references herein to the "Board" shall be deemed to refer to either the Board or the Incentive Compensation Committee if the Board has delegated administrative authority to such Committee). The Board shall have the sole authority to determine (a) the employees to whom options and awards shall be granted under the Plan; (b) the type, size and terms of the awards to be made to each employee selected; (c) the time when awards will be granted and the duration of the exercise period; and (d) any other matters arising under the Plan. The Board shall have full power and authority to administer and interpret the Plan and to adopt or amend such rules, regulations, agreements and instruments for implementing the Plan and for conduct of its business as it deems necessary or advisable. The Board's interpretations of the Plan and all determinations made by the Board pursuant to the powers vested in it hereunder, shall be conclusive and binding on all persons having any interest in the Plan or in any awards granted hereunder.

A majority of the Board shall constitute a quorum for purposes of meetings which may be held at such times and places and on such notice as the Board deems appropriate. All actions and determinations of the Board shall be made by not less than a majority of its members and may be made at a meeting or by written consent in lieu of a meeting.

6. *Eligibility for Participation*

Officers and other key employees of the Company or any of its subsidiaries (as defined in Section 425(f) of the Code ("Subsidiary") shall be eligible to participate in the Plan (the "Participants"). A director of the Company or any Subsidiary who is not also an employee of the Company or a Subsidiary will not be eligible to participate in the Plan. Nothing contained in this Plan shall be construed to limit the right of the Company or any Subsidiary to grant options otherwise than under this Plan in connection with the acquisition, by purchase, lease, merger, consolidation, or otherwise, of the business or assets of any corporation, firm or association, including options granted to employees thereof who become employees of the Company or a Subsidiary, or for other proper corporate purposes.

7. *Granting of Options*

(a) The Board shall have the right to grant Participants "Incentive Stock Options" within the meaning of Section 422A of the Code and/or other stock options on the terms and conditions set forth herein ("Nonqualified Stock Options") or any combination of Incentive Stock Options and Nonqualified Stock Options. The purchase price of each Common Share subject to an Incentive Stock Option shall be the fair market value of a share of such stock on the date such Incentive Stock Option is granted, provided, however, that any Incentive Stock Option granted to a Participant who owns more than 10% of the total combined voting power of all classes of stock of the Company or any Subsidiary shall not be less than 110% of such fair market value. The purchase price of each Common Share subject to a Nonqualified Stock Option shall be such price (which may be less than its fair market value) as is determined by the Board on or before the date such Nonqualified Stock Option is granted. The fair market value of a Common Share on any date shall be its closing price on such date as reported in the Wall Street Journal.

(b) The aggregate fair market value (determined as of the date of grant) of the Common Shares for which a Participant may be granted Incentive Stock Options in any calendar year under this Plan or any other plan maintained by the Company or any Subsidiary may not exceed $100,000 plus any "unused limit carryover" applicable to such year. Such unused limit carryover shall be determined in accordance with the provisions of Section 422A(c)(4) of the Code.

(c) The Board may prescribe such other terms as it deems desirable or as may be necessary to qualify the grant of Incentive Stock Options under the provisions of Section 422A of the Code. The Board may also authorize acceleration of the exercise of an option or installment thereof.

(d) The Board may grant at any time new Incentive Stock Options to a Participant who has previously received Incentive Stock Options or other options whether such prior Incentive Stock Options or other options are still outstanding, have previously been exercised in whole or in part, or are cancelled in connection with the issuance of new Incentive Stock Options. However, no Incentive Stock Option shall be exercisable by a Participant while there is outstanding any Incentive Stock Option previously granted to such Participant to purchase shares in the Company, until such option is exercised in full or expires by reason of lapse of time.

8. *Term of Options*

Unless the option agreement provides otherwise, options granted hereunder shall be exercisable for a term of ten years from the date of grant (the "Expiration Date").

9. *Exercise of Options*

(a) Unless the option agreement provides otherwise, options granted hereunder shall be exercisable for cash (subject to the authority of the Board to determine, either generally or with respect to specific options, that exercise may be for any other property (including Common Shares or promissory notes) deemed acceptable by the Board) on a cumulative basis at a rate of twenty percent (20%) each year, beginning at the first anniversary of the date of grant. No fractional shares, or cash in lieu thereof, shall be issued under this Plan or under any option granted hereunder. Except as otherwise provided herein, no option may be exercised at any time, unless the holder is then a regular employee of the Company or a Subsidiary and has continuously remained an employee at all times (other than on an absence for an approved leave of absence or service in the Armed Forces) since the date of grant of such option.

(b) Options shall be exercised by a Participant giving written notice of such exercise to the Company, provided that an option may not be exercised at any one time as to less than 100 shares (or such number of shares as to which the option is then exercisable if less than 100).

(c) An Incentive Stock Option shall be exercisable during a Participant's lifetime only by the Participant.

10. *Merger, etc.*

In the event of a corporate merger or consolidation, or the acquisition by the Company of property or stock of another corporation or any reorganization or other transaction qualifying under Section 425(a) of the Code, the Board may, with respect to outstanding options under this Plan (1) permit the immediate exercise of such options, whether or not such options are then exercisable under the terms of this Plan or (2) in accordance with the provisions of that Section of the Code, substitute for such options, options under a plan of the acquired corporation, provided that (a) the excess of the aggregate Fair Market Value of the shares subject to option immediately after the substitution over the aggregate option price of such shares is not more than the similar excess immediately before such substitution and (b) the new option does not give the Participant additional benefits, including any extension of the exercise period.

11. *Exercise on Termination of Employment*

(a) *Incentive Stock Options*

If a Participant ceases to be an employee (other than by reason of death or disability within the meaning of Section 105(d)(4) of the Code), any unexercised portion of his Incentive Stock Option shall terminate. If, prior to the Expiration Date, a Participant shall cease to be an employee by reason of death or disability within the meaning of Section 105(d)(4) of the Code, he (or, in the event of the

Participant's death, his estate) may exercise any Incentive Stock Options he holds for a period of one year after the date of cessation of employment to the extent that it was exercisable at the time of such cessation. Thereafter, any unexercised portion of the option shall terminate. In no event shall Incentive Stock Options be exercised after the Expiration Date.

(b) *Nonqualified Stock Options*

(i) In the event a Participant terminates employment prior to the expiration of a Nonqualified Stock Option by reason of his retirement at or after age 65 or permanent and total disability (as determined by the Board), any unexercised portion of his Nonqualified Stock Option shall expire three months after such retirement or disability, as the case may be, and during such three months' period, the optionee shall have the same rights to exercise the unexercised portion of his Nonqualified Stock Option as he would have had if he were still an employee of the Company.

(ii) If prior to the expiration of any Nonqualified Stock Option, a Participant shall die while an employee of the Company, any unexercised portion of such option shall expire one year after his death and during such one-year period his legal representatives, heirs or legatees shall have the same rights to exercise the unexercised portion of the option as the Participant would have had if he were still an employee of the Company.

(iii) Except as provided in clauses (i) and (ii) of this Section 11(b), if a Participant terminates employment for any reason prior to the expiration of any Nonqualified Stock Option, the unexercised portion of such option shall automatically terminate, unless the Committee in its sole discretion shall determine otherwise.

12. *Stock Appreciation Rights*

(a) Concurrently with each Nonqualified Stock Option granted under this Plan, the Board may grant a Participant a "Stock Appreciation Right" which shall provide the Participant the right to receive cash in lieu of the purchase of shares under such option. Such rights shall only be granted in conjunction with Nonqualified Stock Options and may not be granted alone.

(b) Unless the Board, in its sole discretion, provides otherwise, Stock Appreciation Rights shall be exercisable upon the same conditions as the related Nonqualified Stock Option is exercisable under Sections 8, 9 and 11(b) hereof, provided, however, that a Participant wishing to exercise a Stock Appreciation Right shall give written notice of such exercise to the Board stating the number of Nonqualified Stock Options and Stock Appreciation Rights he wishes to exercise at such time. The Board, in its sole discretion, shall determine whether to honor the Participant's request in whole, to permit him to exercise a lesser number of Stock Appreciation Rights (as set by the Board), or to deny him the right to exercise any such Stock Appreciation Rights. The Board may also condition its consent of any exercise of Stock Appreciation Rights on the Participant's written agreement to hold all shares received upon exercise of the related Nonqualified Stock Option for a period of one year, or may impose any other term or condition on exercise which the Board deems appropriate.

(c) The amount to which a Participant shall be entitled upon the exercise of any Stock Appreciation Right shall be determined by multiplying (i) the number of common shares the Board approves for exercise by (ii) the amount, if any, by which the fair market value of a Common Share on the exercise date exceeds the exercise price of the related Nonqualified Stock Option.

(d) The exercise of any Stock Appreciation Right shall reduce the number of shares subject to the related Nonqualified Stock Option.

13. *Restricted Stock Awards*

(a) The Board shall have the authority to award Participants Common Shares which shall be restricted as provided herein to avoid immediate taxation under the Code.

(b) Such restricted stock may not be sold, transferred or otherwise disposed of and shall not be pledged or otherwise hypothecated by a Participant, except as provided below. As a condition to the receipt of any shares awarded under this Plan, a Participant shall execute and deliver to the Company an instrument in writing, in form approved by the Board, wherein he agrees to the above restrictions and the legending of his shares with respect thereto. Notwithstanding such restrictions, however, a Participant shall be entitled to receive all dividends declared on and to vote any Common Shares held by him and to all other rights of a shareholder with respect thereto.

(c) If a Participant terminates his employment for any reason, his rights with respect to any Common Shares which remain restricted hereunder shall be as provided in a written agreement between the Participant and the Company relating to the award and forfeiture of shares hereunder.

(d) Subject to subsection (c) hereof or to the extent provided in any written agreement between the Participant and the Company relating to the award of Common Shares hereunder, the restrictions set forth in this Section on the sale, transfer or other disposition and on the pledge or other hypothecation of Common Shares awarded under this Plan shall lapse ratably over a period of five years from the date of award.

14. *Forfeiture of Benefits*

Notwithstanding any other provision of this Plan, no payment of any unpaid award shall be made and any and all unexercised options and all rights under the Plan of a Participant who received such award or option grant (or his designated beneficiary or legal representatives) to the payment or exercise thereof shall be forfeited if, prior to the time of such payment or exercise, the Participant shall (i) be employed by a competitor of, or shall be engaged in any activity in competition with the Company without the Company's consent, (ii) divulge without the consent of the Company any secret or confidential information belonging to the Company, or (iii) engage in any other activities which would constitute grounds for his discharge by the Company for cause.

15. *Payments on Death*

If a former Participant whose employment has been terminated dies before receiving full payment of all amounts to which he is entitled under this Plan, the remaining payments shall be paid when due to his designated beneficiary or, in the absence of such designation, to his estate.

16. *Transferability of Options and Awards*

A Participant's rights and interests under the Plan (including the right to payment of unpaid installments of awards or the exercise of unexercised options) may not be assigned or transferred except, in the case of a Participant's death, to his designated beneficiary as provided in the Plan or, in the absence of such designation, by will or the laws of descent and distribution.

17. *Amendment and Termination*

The Board may at any time and from time to time terminate, modify or amend the Plan in any respect; provided, however, that unless also approved or ratified by a vote of the majority of the holders of the outstanding shares of the capital stock of the Company entitled to vote thereon, any such modification or amendment shall not (subject, however, to the provisions of Sections 10 and 23 hereof): (i) increase the maximum number of shares for which options and awards may be granted under the Plan; (ii) reduce the option price at which options may be granted; (iii) extend the period during which options may be granted or exercised beyond the times originally prescribed; (iv) change the persons eligible to participate in the Plan; or (v) increase the number of options or awards that may be granted to a Participant. No such termination, modification or amendment may affect the rights of an optionee under an outstanding option or the grantee of an award. Nevertheless, with the consent of the Participant affected, the Committee may amend outstanding options or awards in a manner not inconsistent with the terms of the Plan.

18. *Funding of Plans*

This Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any award under this Plan and payment of awards shall be subordinate to the claims of the Company's general creditors. In no event shall interest be paid or accrued on any award, including unpaid installments of awards.

19. *Rights of Participants*

No Participant or other person shall have any claim or right to be granted an award under this Plan. Neither this Plan nor any action taken hereunder shall be construed as giving any Participant any rights to be retained in the employ of the Company.

20. *Withholding of Taxes*

The Company shall have the right to deduct from all awards paid in cash any federal, state or local taxes required by law to be withheld with respect to such cash awards and, in the case of awards paid in Common Shares, the Participant or other person receiving such shares shall be required to pay to the Company the amount of any such taxes which the Company is required to withhold with respect to such stock awards.

21. *Agreements with Participants*

Each award or grant made under this Plan shall be evidenced by a written instrument containing such terms and conditions as the Board shall approve.

22. *Requirements for Issuance of Shares*

No Common Shares shall be issued or transferred upon payment of any award payable hereunder unless and until all legal requirements applicable to the issuance or transfer of such shares have been complied with to the satisfaction of the Board. The Board shall have the right to condition any award or issuance of Common Shares made to any Participant hereunder on such Participant's undertaking in writing to comply with such restrictions on his subsequent disposition of such shares as the Board shall deem necessary or advisable as a result of any applicable law, regulation or official interpretation thereof, and certificates representing such shares may be legended to reflect any such restrictions.

23. *Effect of Certain Changes*

(a) If there is any change in the number of Common Shares through the declaration of stock dividends, or through recapitalization resulting in stock splits, or combinations or exchanges of such shares, the number of Common Shares available for options or awards and the number of such shares covered by outstanding options or awards, and the price per share of such options or the applicable market value of awards, shall be proportionately adjusted by the Board to reflect any increase or decrease in the number of issued Common Shares; provided, however, that any fractional shares resulting from such adjustment shall be eliminated.

(b) In the event of a dissolution or liquidation of the Company, or in the event of any corporate separation or division, including, but not limited to, split-up, split-off or spin-off, the Board may provide that the holder of each option or award then exercisable shall have the right to exercise such option (at its then option price) or award solely for the kind and amount of shares of stock and other securities, property, cash or any combination thereof receivable upon such dissolution, liquidation, or corporate separation or division by a holder of the number of shares of Common Shares for which such option or award might have been exercised immediately prior to such dissolution, liquidation, or corporate separation or division; or the Board may provide, in the alternative, that each option and award granted under the Plan shall terminate as of a date to be fixed by the Board; provided, however, that not less than thirty (30) days' written notice of the date so fixed shall be given to each Participant and each Participant shall have the right, during the period of thirty (30) days preceding such termination (i) to exercise the options as to all or any part of the Common Shares covered thereby,

including shares as to which such options would not otherwise be exercisable, and (ii) to exercise any or all of such awards, including awards which would not otherwise be exercisable.

24. *Headings*

Section headings are for reference only. In the event of a conflict between a title and the content of a Section, the content of the Section shall control.

25. *Effective Date and Designation of the Board*

Subject to the approval of the Company's Shareholders, this Plan shall be effective as of October 9, 1984 and shall continue in effect thereafter until terminated or suspended by the Board. By approving this plan, the Company's shareholders shall be deemed to have designated and appointed the Board as their agents and attorneys to approve any action taken pursuant to the Plan which may require the approval of the shareholders under the Memorandum and Articles of Association and/or the laws of any state or country.

APPENDIX B

AMENDED AND RESTATED ARTICLES OF ASSOCIATION OF COMMODORE INTERNATIONAL LIMITED

1. *DEFINITIONS.*

Unless the context otherwise requires, for the purposes of these Articles:

(A) the "Act" shall mean the Companies Act of the Bahama Islands, as amended from time to time.

(B) "Special Resolution" and "Extraordinary Resolution" shall have the respective meanings assigned thereto by the Act.

(C) the "Board" shall mean the Board of Directors for the time being of the Company.

(D) the "Office" shall mean the registered office for the time being of the Company.

(E) the "Register" shall mean the register of members to be kept pursuant to the Act.

(F) "month" shall mean calendar month.

(G) "in writing" and "written" shall include printing, lithography and other modes of representing or reproducing words in a visible form.

(H) "member" and "shareholder" shall mean a registered holder for the time being of an issued share of the Company.

(I) Words importing the singular number only include the plural number and vice versa. Words importing persons include corporations.

2. *SHARES.*

2.1 *Authorized Shares*

(A) The Company shall have authority to issue 90,000,000 shares (or interests), no par value, stated value $.01 per share. The total number of shares authorized may be increased or decreased, the par or stated value thereof may be changed, and a split or combination of outstanding shares may be authorized by resolution adopted by the vote of shareholders holding a majority of the shares present in person or by proxy at a meeting of shareholders (provided that if there are more than one class of shares then outstanding a similar vote of the holders of the shares of each such class, which may be adversely affected thereby, voting as a separate class, shall also be required). The Board may authorize the issuance of shares as Common Shares or as shares of such other classes as the Board may from time to time designate, the shares of each such other class to have such designations, preferences, relative, participating, optional and other special rights, and qualifications, limitations or restrictions thereof, which may differ with respect to each class, as the Board may fix by resolution. Without limiting the foregoing, the Board is expressly authorized to fix, with respect to each class:

(i) The number of shares which shall constitute such class and the name or designation of such series;

(ii) The dividend rights of such class, including any specified dividend rate and times at which dividends on such class shall be paid, whether or not such dividends shall be cumulative and whether the class shall participate in unlimited dividend rights, and, if so, the extent of such participation;

(iii) The voting rights, if any, of the holders of such class;

(iv) The terms and conditions for the redemption of shares of such series, and the price or prices payable upon such redemption;

(v) The rights of such class upon voluntary or compulsory (involuntary) liquidation, including the amounts payable thereof;

(vi) The rights of such class to any sinking fund or purchase fund for the purchase or redemption of shares of such class;

(vii) The conversion right or rights, if any; and

(viii) The extent to which any such rights, terms or conditions shall be preferential or junior to the rights of any other class.

(B) The Board may issue or sell shares to such persons on such terms and conditions, for consideration in such amount and in such form (including securities, property, notes and other obligations of the purchaser) and at such times as the Board deems appropriate.

2.2 *Certificates.* The Company's shares shall be represented by certificates in the form approved by the Board. Each certificate shall specify the number of shares to which it relates, shall be signed by the chairman of the board, a vice chairman, the president or a vice president and by the secretary or an assistant secretary, or the treasurer or an assistant treasurer, and shall be sealed with the Company's seal or a facsimile thereof. The signatures of the chairman of the board, the vice chairman, the president or the vice president, the treasurer, or the assistant treasurer upon a certificate may be facsimiles; the signatures of the secretary or assistant secretary upon a certificate may be facsimiles if the certificate is manually signed on behalf of a transfer agent or registrar, other than the Company itself or an employee of the Company. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the Company with the same effect as if he were such officer at the date of its issue.

The Company may issue a new certificate for shares in place of any certificate theretofore issued by it, alleged to have been lost or destroyed, and the Board may, but shall not be required to, require the owner of the lost or destroyed certificate, or his legal representative, to give the corporation a bond sufficient to indemnify the Company against any claim that may be made against it on account of the alleged loss or destruction of any such certificate or the issuance of any such new certificate.

2.3 *Transfers.* All transfers of shares may be effected by transfer in such form as the Board may approve. The instrument of transfer of a share shall be executed by the transferor or his duly authorized legal representative and, if required by the Board, the transferee, and insofar as the Company is concerned the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof.

The Board may decline to recognize any instrument of transfer, unless the instrument of transfer is deposited at the Office or if there be a transfer agent, at any of the offices thereof, or at such other place or places as the Board may appoint, accompanied by the certificate for the shares to which the instrument of transfer relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by the transferor's legal representative, the authority of the attorney to do so. All instruments of transfer may be retained by the Company following registration.

The Company may employ transfer agents whose offices are located outside of the Bahama Islands, provided that transfers effected on the stock transfer books maintained by such transfer agents are within a reasonable time entered into the Register.

In case of the death of a shareholder, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the estate of the deceased where he was a sole or only surviving holder, shall be the only person recognized by the Company as having any title to his interest in the shares.

Any person becoming entitled to a share in consequence of the death or bankruptcy of a shareholder (supplying to the Company such evidence as the Board may reasonably require to show his title to the share) may, subject as hereinafter provided, either be registered himself as holder of the share upon giving notice to the Company of his desire to be so registered, or transfer such share to some other person. All the limitations, restrictions and provisions contained herein relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the shareholder had not occurred and the notice or transfer were a transfer executed by such shareholder.

Except as otherwise provided herein, a person becoming entitled to a share in consequence of the death or bankruptcy of a shareholder (upon supplying to the Company such evidence as the Board may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share except that he shall not be entitled in respect thereof to exercise any right conferred by membership in relation to meetings of the Company until he shall have been registered as a shareholder in respect of the share.

2.4 *Determination of Shareholders of Record.* The Board may fix, in advance, a date as the record date for the determination of shareholders entitled to notice of or to vote at any meeting of the shareholders, or to express consent to or dissent from any proposal without a meeting, or to receive payment of any dividend or the allotment of any rights, or for the purpose of any other action. The record date may not be more than 60 nor less than 10 days before the date of the meeting, nor more than 60 days before any other action.

In lieu of fixing a record date for any such determination, the Board may provide that for the purposes of making such determination the Register shall be closed for a reasonable period of time. During the time that the Register is closed, transfers may be made (if the Board so authorizes) on the stock transfer books maintained by transfer agents and certificates issued reflecting such transfers, provided that such transfers are registered on the Register promptly thereafter.

If the Register is not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this Article 2.4, such determination shall apply to any adjournment thereof.

2.5 *Dividends Or Other Distributions In Cash Or Property.*

(A) The Board may declare and pay dividends or make other distributions in cash or its bonds or its property, including the shares or bonds of other corporations, on its outstanding shares, except when currently the Company is insolvent or would thereby be made insolvent and except as is otherwise provided in the Memorandum of Association.

(B) The Board may from time to time set aside out of the profits or assets of the Company and carry to reserve such sums as it thinks proper, and may at its discretion authorize the payment of any dividends (including capital or share dividends) out of such reserves or employ such reserves for any purpose to which the profits or assets of the Company may properly be applied. Pending such application, such reserves may either be employed in the business of the Company or be invested. The Board may divide the reserve into such special funds as it thinks fit, and may consolidate into one fund any special funds or parts of any special funds into which the reserve may have been divided. Any profits or assets not carried to reserve shall be deemed carried forward.

2.6 *Repurchase By Company of Own Shares.* The Company may, from time to time, purchase or otherwise acquire shares of any class, or in such manner, upon such terms, and in such amounts as the Board shall determine; provided that the Company is not then and would not thereby be rendered

insolvent, subject, however, to such limitation or restriction, if any, as is contained in the express terms of any class of shares of the Company outstanding at the time of the purchase or acquisition in question.

Where the Company purchases a shareholder's shares in accordance with this Article 2.6, the Board may (i) cancel the shares at such time as it shall determine, in which case the authorized and issued capital of the Company are thereby decreased and these Articles of Association are amended accordingly; or (ii) resell the shares at such time and price and on such terms as it shall determine.

3. *MEETINGS OF SHAREHOLDERS.*

3.1 *Annual General Meeting.* The annual general meeting of shareholders shall be held in each and every year at such time (within a period of not more than 18 months after the holding of the last preceding annual general meeting) as may be prescribed by the Board.

3.2 *Special General Meetings.* Special general meetings of the shareholders may be called by resolution of the Board or by the chairman of the board or the president and shall be called by the president or secretary upon the written request (stating the purpose or purposes of the meeting) of two or more shareholders holding at least 10% of the outstanding shares entitled to vote. Only business related to the purposes set forth in the notice of the meeting may be transacted at a special general meeting. If within 21 days from the date of such a request a special general meeting has not been called and held, any one or more of the shareholders who made the request may call a special general meeting provided that such meeting shall be held within 60 days from the date of the request. The Company shall reimburse shareholders for reasonable expenses incurred by them by reason of the failure of the president or secretary to call such meeting.

3.3 *Place and Time of Meetings.* Meetings of the shareholders may be held in or outside the Bahama Islands at the place and time specified by the Board or the directors or shareholders requesting the meeting.

3.4 *Notice of Meetings; Waiver of Notice.*

(A) Written notice of each meeting of shareholders shall be given to each shareholder entitled to vote at the meeting, except that (i) a meeting of shareholders may be held without previous notice if all shareholders entitled to be present are present in person or by proxy or waive notice of such meeting in writing, (ii) any shareholder may waive notice of a meeting before, at or after such meeting, by an instrument in writing signed by him or by telegram, cable or telex, (iii) the presence of any shareholder at a meeting in person or by proxy, without protesting at the beginning of the meeting the lack of notice of the meeting, shall constitute a waiver of notice by him, and (iv) no notice of an adjourned meeting need be given except when required by Article 3.5.

(B) Each notice of a meeting shall be given, personally or by mail (postage prepaid), telegram, cable or telex, not less than 10 nor more than 60 days before the meeting and shall state the time and place of the meeting, and unless it is the annual general meeting, shall state at whose direction the meeting is called and the purposes for which it is called. If any resolution is to be proposed as a Special or Extraordinary Resolution, the notice shall contain a statement to that effect. Notice shall be considered given when delivered by hand, mailed or transmitted (as the case may be) to a shareholder at his registered address, or to the address, if any, supplied by him to the Company as his address for the service of notices; provided, however, that for the purpose of serving notice of any meeting of shareholders of the Company on any shareholder whose address as aforesaid is outside the Bahama Islands, such method of mailing shall be adopted as would in the ordinary course result in such shareholder receiving such notice at such address not less than nine days prior to the date fixed for the meeting. The Company shall not be accountable for any accidental omission by any such shareholder to receive any such notice.

(C) In respect of joint holdings, notice given to that one of the joint holders whose name stands first in the Register shall be sufficient notice to each joint holder.

(D) A person entitled to a share in consequence of the death or bankruptcy of a shareholder, upon supplying to the Company such evidence as the Board may reasonably require to show his title to the share, and upon supplying also an address for the service of notices, shall be entitled to have served upon him at such address any notice or document to which the shareholder but for his death or bankruptcy would be entitled, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share. Except as aforesaid, any notice or document delivered or mailed to, or left at the registered address of any shareholder in accordance with these Articles shall, notwithstanding that such shareholder be then dead or bankrupt and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any share registered in the name of such shareholder as sole or joint holder.

(E) A shareholder who has not supplied to the Company a registered address or an address for the service of notices shall not be entitled to receive notices from the Company.

(F) The non-receipt of notice by any shareholder shall not invalidate the proceedings at any meeting.

3.5 *Quorum.* The presence in person or by proxy of the holders of one-third of the shares of the Company entitled to vote shall constitute a quorum for the transaction of any business at any meeting of the shareholders. The officer presiding at the meeting may, with the shareholders' consent, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any such adjourned meeting other than the business left unfinished at the meeting as originally called. In the absence of a quorum a majority in voting interest of those present or, in the absence of all the shareholders, any officer entitled to preside at or to act as secretary of the meeting, may adjourn the meeting until a quorum is present. At any such adjourned meeting at which a quorum is present any action may be taken which might have been taken at the meeting as originally called. Notice of any adjourned meeting need not be given, other than by announcement at the meeting at which the adjournment is taken, except that if adjournment is for more than 30 days or if, after the adjournment, a new record date is fixed for the meeting, notice of the adjourned meeting shall be given pursuant to Article 3.4.

3.6 *Voting.* Subject to any special rights or restrictions as to voting attached by or in accordance with these Articles to any class of shares, each shareholder of record shall be entitled to one vote for every share registered in his name and may attend meetings and vote either in person or by proxy. Except as otherwise provided by law or by these Articles, corporate action to be taken by shareholder vote shall be authorized by a majority of the votes cast at a meeting of shareholders. Shareholders shall vote by a show of hands unless a vote by ballot is ordered by the chairman of the meeting or requested by any shareholder present in person or by proxy and entitled to vote. An order or request for a ballot may be withdrawn. If a vote by ballot is duly ordered or requested (and such order or request is not withdrawn), the vote by ballot shall be taken forthwith in such manner as the officer presiding at the meeting may direct, and the result of the vote shall be deemed to be the resolution of the meeting at which the vote by ballot was ordered or requested. The officer presiding at the meeting may (and if so directed by the shareholders shall) appoint scrutineers or inspectors of election and may adjourn the meeting to a place and time fixed by him for the purpose of declaring the result of such a vote. Unless a vote by ballot be so ordered or requested (and the order or request be not withdrawn) a declaration by the officer presiding at the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against such resolution. The officer presiding at the meeting is not entitled to cast a tie-breaking vote.

3.7 *Qualification of Voters.* Where there are joint registered holders of any shares, any one of such persons may vote at any meeting of shareholders, either personally or by proxy, in respect of such shares as if he were solely entitled thereto. If more than one of such joint holders is present at any such meeting, personally or by proxy, the holder so present whose name stands first on the Register in

respect of such shares shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased shareholder in whose sole name any shares stand shall for the purposes of this Article 3.7 be deemed joint holders thereof. A shareholder of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote by his committee, curator bonis or other person in the nature of a committee or curator bonis appointed by such court, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the Office not less than forty-eight hours before the time appointed for holding the meeting or adjourned meeting. Any objection to the admissibility of any vote shall be referred to the officer presiding at the meeting whose decision shall be final and conclusive, except that no such objection shall be raised except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered. Every vote not disallowed at such meeting shall be valid for all purposes.

3.8 *Proxies.* Each shareholder entitled to vote at any meeting of shareholders or to express consent or dissent from corporate action in writing without a meeting may authorize another person to act for him by proxy. An instrument appointing a proxy shall be in such form as the Board may approve and shall be signed by the shareholder or his attorney-in-fact. Such instrument must be produced at the meeting or must be left at the Office or such other place, if any, as is specified for that purpose in the notice convening the meeting. Such instrument shall be valid for any adjournment of the meeting to which it relates unless it provides otherwise. A vote given in accordance with the terms of an instrument of proxy or of a power of attorney shall be valid notwithstanding the previous death or incapacity of the principal or revocation of the proxy or powers of attorney or transfer of the share in the Company in respect of which the vote is given, provided that no written notice of the death, revocation or transfer shall have been received at the Office before the meeting. An instrument of proxy may be revoked by a later such instrument or by written instruction to the Company at or before the meeting. No instrument of proxy shall be valid after three years from its date unless it provides otherwise. A proxy need not be a shareholder of the Company.

3.9 *Corporate Shareholders.* Any corporation which is a shareholder of the Company may by resolution of its board of directors or other governing body authorize such person as it thinks fit to act as its representative at any meeting of the shareholders of the Company or any class thereof, and the person so authorized shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual shareholder of the Company.

3.10 *Meetings of Shareholders Deemed Duly Held.* A meeting of shareholders shall be deemed to have been duly held notwithstanding that the shareholders have not actually come together or that there may have been technical defects in the proceedings if all shareholders entitled to be present and vote at such meeting sign (personally or by proxy) the minutes of such meeting. A resolution in writing signed by all such shareholders shall be as valid and effectual as if it had been passed at a meeting of the shareholders duly called and constituted.

3.11 *Miscellaneous.* Except as otherwise provided herein, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction or as required by the Act, be bound to recognize any equitable or other claim to or interest in such share on the part of any other person and the Company shall not be bound to see to the execution of any trust whether express or implied or constructive in respect of any share. If several persons are registered as joint holders of any shares the first named upon the Register shall, as regards service of notices, be deemed the sole owner thereof. Any of such persons may give effectual receipt for dividends. For the purposes of the quorum, joint holders of any voting shares shall be considered as one number.

4. *BOARD OF DIRECTORS.*

4.1 *Number, Qualification, Election and Term of Directors.* The business and affairs of the Company shall be managed by or under the direction of the Board. The number of directors of the

Company that shall constitute the entire Board shall be such number as specified by the affirmative vote of a majority of the entire Board, but shall not be less than three nor more than fifteen. Until otherwise determined, the number of directors shall be six.

4.2 *Classified Board.* The Board shall be divided into three classes, designated Class I, II and III, as nearly equal in number as the then total number of directors constituting the entire Board permits, with the term of office of one class expiring each year. Upon the adoption of these Articles, the directors elected at the annual general meeting of shareholders in 1984 shall serve as follows: Directors previously designated as Class I shall hold office for a term expiring at the next succeeding annual general meeting, directors previously designated as Class II shall hold office for a term expiring at the second succeeding annual general meeting and directors previously designated as Class III shall hold office for a term expiring at the third succeeding annual general meeting. Subject to Article 4.3, at each annual general meeting of shareholders the successors to the class of directors whose term shall then expire shall be elected to hold office for a term expiring at the third succeeding annual general meeting and until their successors shall be elected and qualified.

4.3 *Vacancies.* Any vacancies in the Board for any reason, and any newly created directorships resulting from any increase in the number of directors, may be filled only by the Board, acting by resolution adopted by the affirmative vote of a majority of the entire Board, and any directors so chosen shall hold office until the next election of the class for which such directors shall have been chosen and until their successors shall be elected and qualified. No decrease in the number of directors shall shorten the term of any incumbent director.

4.4 *Resignation and Removal of Directors.* Notwithstanding any other provisions of these Articles, any director or the entire Board may be removed at any time, but only for cause and only by a Special Resolution. Any director may resign at any time.

4.5 *Quorum and Manner of Acting.* The Board may fix the quorum necessary for the transaction of business at any meetings of the Board. Until changed by the Board, the quorum shall be two directors. Action of the Board shall be authorized by the vote of a majority of the directors present at the time of the vote if there is a quorum, unless otherwise provided by law or these Articles. The director presiding at the meeting shall not be entitled to a second or tie-breaking vote. In the absence of a quorum a majority of the directors present may adjourn any meeting from time to time until a quorum is present.

4.6 *Place of Meetings.* Meetings of the Board may be held in or outside the Bahama Islands.

4.7 *Annual and Regular Meetings.* Annual meetings of the Board, for the election of officers and consideration of other matters, shall be held either (a) without notice immediately after the annual general meeting of shareholders and at the same place, or (b) as soon as practicable after the annual general meeting of shareholders, on notice as provided in Article 4.9. Regular meetings of the Board may be held without notice at such times and places as the Board determines.

4.8 *Special Meetings.* Special meetings of the Board may be called by the chairman of the board, the president or by a majority of the directors.

4.9 *Notice of Meetings; Waiver of Notice.* Notice of the time and place of each special meeting of the Board, and of each annual meeting not held immediately after the annual general meeting of shareholders and at the same place, shall be given to each director personally or by telegram, cable, telephone or telex at least two days before the meeting, or by mail (postage prepaid) at least three days before the meeting. Notice shall be considered given when delivered by hand, mailed, telephoned or transmitted (as the case may be) to a director at his registered address, or to the address, if any, supplied by him to the Company as his address for the service of notice; provided, however, that for the purpose of serving notice of any meeting of the Board of the Company on any director whose address as aforesaid is outside the Bahama Islands, such method of mailing shall be adopted as would in the ordinary course result in such director receiving such notice at such address not less than two

days prior to the date fixed for the meeting. The Company shall not be liable for any accidental omission by any such director to receive such notice. Notice need not be given to any director who submits a signed waiver of notice before, at or after the meeting or who attends the meeting without protesting the lack of notice to him, either before the meeting or when it begins. Notice of any adjourned meeting need not be given, other than by announcement at the meeting at which the adjournment is taken.

4.10 *Compensation.* Directors shall receive such compensation as the Board determines, together with reimbursement of their reasonable expenses in connection with the performance of their duties. Directors may also receive such compensation as the Board determines for serving the Company, its affiliates or subsidiaries in other capacities (e.g., as an officer or committee member).

4.11 *Validity of Actions.* All actions taken at any meeting of the Board shall as regards all persons dealing in good faith with the Company, notwithstanding that there was some defect in the appointment or continuance in office of any person acting as a director, be as valid as if every such person had been duly appointed and was duly continuing in office.

4.12 *Board or Committee Action Without a Meeting.* Any action required or permitted to be taken by the Board or by any committee of the Board may be taken without a meeting if all of the members of the Board or of the committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents by the members of the Board or the committee shall be filed with the minutes of the proceedings of the Board or of the committee.

4.13 *Participation in Board or Committee Meetings by Conference Telephone.* Any or all members of the Board or of any committee of the Board may participate in a meeting of the Board or of the committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at the meeting.

4.14 *General Powers of the Board.* The Board may exercise all such powers of the Company as are not by these Articles or by the Act required to be exercised by the shareholders, and, without limitation, may adopt such regulations with respect to the Company and its shareholders not inconsistent with these Articles, the Memorandum of Association or the Act.

4.15 *Committees.*

(A) *Executive Committee.* The Board may, by resolution adopted by the affirmative vote of a majority of the entire Board, designate an Executive Committee to consist of three or more directors of the Board, one of whom shall be the chairman of the board who shall also serve as chairman of the Executive Committee. The Executive Committee shall have all the authority of the Board, except as otherwise provided in the resolution. All action of the Executive Committee shall be reported to the Board at its next meeting. The Executive Committee shall adopt rules of procedure and shall meet as provided by those rules or by resolutions of the Board.

(B) *Other Committees.* The Board may, by resolution adopted by the affirmative vote of a majority of the entire Board, designate other committees of directors, with such powers and duties as specified by such resolution.

(C) *Changes in Committees.* The authority of the Executive Committee or any other committee may be terminated or modified, any member thereof removed (with or without cause) and any vacancies filled by resolution adopted by the affirmative vote of a majority of the entire Board.

5. *OFFICERS.*

5.1 *Number; Security.* The Board shall designate the executive officers of the Company. Such officers may include, unless the Board determines otherwise, the chairman of the board, one or more vice chairmen of the board, the president, one or more vice presidents with such designations, if any (such as executive vice president) as the Board may designate, the treasurer, the controller and the

secretary. None of the officers need be a shareholder or a director, except that the chairman and vice chairmen of the board must each be a director. Any two or more offices may be held by the same person. The Board may require any officer, agent or employee to give security for the faithful performance of his duties.

5.2 *Election; Term of Office.* The executive officers of the Company shall be elected or appointed by the Board, and each such officer shall hold office at the pleasure of the Board.

5.3 *Subordinate Officers.* The Board may appoint subordinate officers (including assistant secretaries and assistant treasurers), each of whom shall hold office for such period and have such powers and duties as the Board determines. The Board may delegate to any executive officer or to any committee the power to appoint and define the powers and duties of any subordinate officers.

5.4 *Resignation and Removal of Officers.* Any officer elected or appointed by the Board or appointed by an executive officer or by a committee may at any time be removed either with or without cause, by the vote of the majority of the entire Board. Any officer may resign at any time.

5.5 *Vacancies.* A vacancy in any office may be filled by the Board.

5.6 *Power and Duties of Officers.* Unless determined otherwise by the Board, the powers and duties of officers shall be as follows:

(A) *Chairman of the Board.* The chairman of the board shall preside at all meetings of the Board and of the shareholders, and shall have such powers and duties as the Board assigns to him.

(B) *Vice Chairman.* Each vice chairman of the board shall have such powers and duties as the Board assigns to him, and in the absence of the chairman of the board a vice chairman shall preside at all meetings of the Board and of the shareholders.

(C) *The President.* The president shall have such powers and duties as the Board assigns to him, and shall in the absence of the chairman and vice chairmen of the board preside at all meetings of the Board and of the shareholders.

(D) *Vice President.* Each vice president shall have such powers and duties as the Board or the chief executive officer assigns to him, and in the absence of the chairman and vice chairmen of the board and the president, a vice president shall preside at all meetings of the Board and of the shareholders.

(E) *The Treasurer.* The treasurer shall have the care and custody of the corporate funds and other valuable effects, including securities, and shall keep full and accurate accounts of receipts and disbursements in the Company's books. Subject to the control of the Board, he shall have such other powers and duties as the Board or the chief executive officer assigns to him.

(F) *The Secretary.* The secretary shall be the secretary of, and keep the minutes of, all meetings of the Board and of the shareholders, and shall be responsible for giving notice of all meetings of shareholders and of the Board. Subject to the control of the Board, he shall have such other powers and duties as the Board or the chief executive officer assigns to him. In the absence of the secretary from any meeting, the minutes shall be kept by the person appointed for that purpose by the presiding officer.

(G) *The Controller.* The controller shall maintain adequate records of all assets, liabilities and transactions of the Company and shall cause audits thereof to be made currently and regularly. Subject to the control of the Board, he shall have such other powers and duties as the Board or the chief executive officer assigns to him.

(H) *Designation of Chief Executive Officer.* The Board may designate the chairman of the board, a vice chairman of the board, or the president as the chief executive officer of the Company, and the officer so designated shall have such powers and duties as chief executive officers of corporations usually have.

6. INTERESTED PARTY TRANSACTIONS.

6.1 *Interested Directors.*

(A) No contract or other transaction between the Company and one or more of its directors, or between the Company and any other corporation, firm, association or other entity in which one or more of its directors or officers are directors, or have a substantial financial interest, shall be either void or voidable for this reason alone or by reason alone that such director or directors are present at the meeting of the Board, or of a committee thereof, which approves such contract or transaction, or that his or their votes are counted for such purpose:

(1) If the material facts as to such director's interest in such contract or transaction and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the Board or committee, and the Board or committee approves such contract or transaction by a vote sufficient for such purpose without counting the vote of such interested director or, if the votes of the disinterested directors are insufficient to constitute an act of the Board, by unanimous vote of the disinterested directors; or

(2) If the material facts as to such director's interest in such contract or transaction and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the shareholders entitled to vote thereon, and such contract or transaction is approved by vote of such shareholders.

(B) If such good faith disclosure of the material facts as to the director's interest in the contract or transaction and as to any such common directorship, officership or financial interest is made to the directors or shareholders or known to the Board or committee or shareholders approving such contract or transaction, as provided in paragraph (A) of this Article 6.1, the contract or transaction may not be avoided by the Company for the reasons set forth in such paragraph. If there was no such disclosure or knowledge, or if the vote of such interested director was necessary for the approval of such contract or transaction at a meeting of the Board or committee at which it was approved, the Company may avoid the contract or transaction unless the party or parties thereto shall establish affirmatively that the contract or transaction was fair and reasonable as to the Company at the time it was approved by the Board, a committee or the shareholders.

(C) Each director shall in good faith disclose the material facts as to such director's interest in any contract or transaction described in paragraph (A) of this Article 6.1 at the first meeting of the Board in which such contract or transaction is considered or at the first meeting of the Board after which such director becomes interested in such contract or transaction. Unless otherwise determined by a majority of the disinterested directors of the Board (although less than a quorum), such interested director shall not be entitled to vote in respect of any such contract or transaction.

(D) Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which approves such contract or transaction.

6.2 *Approval of Interested Party Transactions.*

(A) No Interested Party Transaction shall be entered into or approved by the Company except as authorized by Special Resolution passed by the shareholders in accordance with the procedures and by the majorities required by Section 43 of the Act except that in determining whether such Special Resolution has been passed by the requisite majorities, the shares beneficially owned by any Interested Party and the holders thereof shall be excluded in determining both (1) the shares and shareholders entitled to vote and (2) the votes counted.

(B) For the purpose of this section:

(1) A "person" shall mean any individual, firm, corporation or other entity.

(2) The terms "Interested Party Transaction" and "Interested Party" shall have the following meanings:

(a) any of the following transactions—when entered into by the Company or a subsidiary of the Company with a Related Person or any other corporation (whether or not itself a Related Person) which is, or after such transaction would be, an Affiliate of a Related Person—shall be deemed an Interested Party Transaction and such Related Party shall be deemed an Interested Party with respect thereto:

(i) the merger, amalgamation or consolidation of the Company or any subsidiary of the Company; or

(ii) the sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one or a series of transactions) of any assets of the Company or any subsidiary of the Company having an aggregate fair market value of $5,000,000 or more; or

(iii) the issuance or transfer to any person (other than pursuant to a dividend or other distribution paid, or an offering through transferable rights issued, pro rata to the Company's shareholders) by the Company or any subsidiary of the Company (in one or a series of transactions) of securities of the Company or a subsidiary having an aggregate fair market value of $5,000,000 or more or entitled to 1% or more of the voting power of the Company or such subsidiary; or

(iv) the reclassification of securities, recapitalization, consolidation or any other transaction (whether or not involving a Related Person) which has the direct or indirect effect of increasing the voting power, whether or not then exercisable, of a Related Person in any class or series of capital shares of the Company or (except in the case of a distribution by the Company of shares of a subsidiary pro rata to its shareholders) any subsidiary of the Company; or

(v) any transaction which would result in the receipt by the Related Person, after such person has become a Related Person, of a direct or indirect benefit (except proportionately as a shareholder) from any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the Company or any subsidiary of the Company to the extent that the benefit received would exceed $2,500,000 in any year; or

(vi) any agreement, contract or other arrangement providing directly or indirectly for the foregoing; and

(b) any amendment or repeal of this Article 6.2 or of Articles 4.1 through 4.4 or adoption of a provision of these Articles or the Memorandum of Association of the Company inconsistent herewith or therewith or the adoption of a plan or proposal for the liquidation or dissolution of the Company or removal of a director for cause—at a time when there exists a Related Person who became a Related Person by the purchase (rather than the acquisition by gift, devise or intestacy) of shares on or after September 30, 1984—shall be deemed an Interested Party Transaction and such Related Person shall be deemed an Interested Party with respect thereto;

provided, however, that a transaction which but for this proviso would be an Interested Party Transaction shall not be an Interested Party Transaction if the transaction is approved by the Board at a time when the person whose status as a Related Person would make the transaction an Interested Party Transaction had not yet become a Related Person.

(3) The term "Related Person" shall mean any person (other than the Company, a subsidiary of the Company or any profit sharing, employee stock ownership or other employee benefit plan of the Company or a subsidiary of the Company or any trustee of or fiduciary with respect to any such plan acting in such capacity) which is the beneficial owner, directly or indirectly, of more than 10% of the voting power of the shareholders or shares of the Company (provided that a person who by virtue of

his position as a director, officer or employee of the Company is deemed an Affiliate of a Related Person shall not himself be thereby deemed a Related Person).

(4) A person shall be a "beneficial owner" of shares:

(a) which shares such person or any of its Affiliates or Associates (as hereunder defined) beneficially owns, directly or indirectly; or

(b) which shares such person or any of its Affiliates or Associates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (ii) the right to vote pursuant to any agreement, arrangement or understanding; or

(c) which shares are beneficially owned, directly or indirectly by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares.

For purposes of determining whether a person is a Related Person pursuant to subparagraph (3) of this paragraph (B), the number of shares deemed to be outstanding shall include shares deemed owned through application of clause (b)(i) of subparagraph (4) of this paragraph (B) but shall not include any other shares which may be issuable by the Company pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

(5) The term "Affiliate" shall mean a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, a specified person. The term "Associate," as used with respect to a specified person, shall mean (i) any corporation or organization (other than the Company or a subsidiary of the Company) of which such person is an officer or partner or is, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities, (ii) any trust or other estate in which such person has a substantial beneficial interest, or as to which such person serves as trustee or in a similar fiduciary capacity, or (iii) any relative or spouse of such person, or any relative of such spouse, who has the same home as such person or who is a director or officer of the Company or of any Affiliate which controls or is controlled by the Company directly, or indirectly through one or more intermediaries. For the purpose of this subparagraph (5) of this paragraph (B), "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as used with respect to any person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities or by contract or otherwise.

(6) The term "subsidiary" shall mean any corporation a majority of the outstanding voting power of which is held by the Company or a subsidiary thereof.

(C) The requirements of this Article 6.2 shall be in addition to any requirements imposed by the Act or other applicable law or the Articles or Memorandum of Association of the Company and nothing contained in this Article 6.2 shall be construed to relieve any Related Person from any fiduciary obligation imposed by law.

7. *MERGERS, AMALGAMATIONS AND SALES OF ASSETS.*

The Company may amalgamate, consolidate or merge with another person, or sell all or substantially all of its assets to any other person, when such action is authorized by:

(a) a resolution adopted by the affirmative vote of a majority of the entire Board; and

(b) a special resolution passed at a general meeting of shareholders by a three-fourths vote of the shareholders of the Company present and entitled to vote thereat, and confirmed at a subsequent general meeting (held at an interval of not less than 14 days nor more than one month

from the date of the meeting at which the resolution was first proposed) by a majority of the shareholders present and entitled to vote at such meeting.

8. *MINUTES, REGISTERS AND BOOKS OF ACCOUNT.*

8.1 *Minutes.* The Board shall cause minutes to be made and kept of all resolutions and proceedings of the shareholders, the Board and committees thereof.

8.2 *Registers.* The Board shall duly comply with the provisions of the Act which may require the Company to maintain a register of directors and managers, shareholders, mortgages and charges, or holders of debentures of the Company, or which may require the Company to produce or furnish copies of such registers.

8.3 *Books of Account.* The Board shall cause to be kept such proper books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions. Such books shall set forth all financial and other transactions of the Company including, without limiting the generality of the foregoing:

(A) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place;

(B) all sales and purchases by the Company;

(C) the assets and liabilities of the Company;

(D) all other transactions affecting the financial position of the Company.

8.4 *Right to Inspect.* The books of account shall always be open to the inspection of the Board. No shareholder (other than a director) shall have any right of inspecting any account or book or document of the Company, except as conferred by the Act or authorized by the Board.

8.5 *Safekeeping.* Any register, index, minute book, book of account or other book required by these Articles or the Act to be kept by or on behalf of the Company may be kept in such manner, and unless required by the Act to be kept at the Office, at such place or places as the Board may from time to time determine.

8.6 *Presentation to Shareholders of Financial Statements.* So long as the Company has shares quoted on any stock exchange, the Company shall distribute annual reports to its shareholders containing such financial information as the Company is required to distribute to them pursuant to the requirements of such exchange and of applicable law.

9. *MISCELLANEOUS.*

9.1 *Fiscal Year.* The Board may determine the Company's fiscal year. Until changed by the Board, the Company's fiscal year shall end on June 30 of each calendar year.

9.2 *Custody Of Securities.* All securities owned by the Company shall be lodged (in the name of the Company) with a bank or trust company or in a safety deposit box or, if so authorized by a resolution of the Board, with such other depositaries or in such other manner as may be determined from time to time by the Board. Any securities belonging to the Company may be issued and held in the name of a nominee or nominees of the Company or as the Board otherwise determines.

9.3 *Voting of Shares in Other Corporations.* Shares in other corporations which are held by the Company may be represented and voted by the president or a vice president of the Company or by proxy or proxies appointed by one of them. The Board may, however, appoint some other person to vote the shares.

9.4 *Winding Up.* If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the Court) the Liquidator may, with the authority of a Special Resolution, divide among the shareholders in specie or kind the whole or any part of the assets of the Company and

whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the shareholders or different classes of shareholders. The Liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of shareholders as the Liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved.

9.5 *Indemnity.*

(A) Subject to the provisions of the Act, every director or officer of the Company and their heirs, executors and administrators and estate and effects, respectively, shall from time to time and at all times be indemnified and saved harmless out of the funds of the Company, from and against:

(a) all costs, charges and expenses whatsoever which such director, officer or other person sustains or incurs in or about any action, suit or proceeding which is brought, commenced or prosecuted against him, for or in respect of any act, deed, matter or thing whatsoever, made, done or permitted by him, in or about the execution of the duties of his office;

(b) all other costs, charges and expenses which he sustains or incurs in or about or in relation to the affairs thereof,

except such costs, charges or expenses as are occasioned by his own wilful malfeasance.

(B) No director or officer shall be liable for the acts, receipts, neglects, or defaults of any other director or officer, or for joining in any receipt or other act for conformity, or for any loss or expense incurred by the Company as a result of insufficiency or deficiency of title to any property acquired by order of the Board for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be advanced or invested, or for any loss or damage arising out of the bankruptcy, insolvency or tortious or criminal act or omission of any person with whom any moneys, securities or effects shall be deposited, or for any loss occasioned by an error of judgment, omission, default, or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of his office or in relation thereto, except the same shall happen through his own dishonesty.

(C) Without limitation,

(1) The Company shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against Indemnifiable Costs (as defined below), provided that he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful and, in the case of an action by or in the right of the Company in which he was adjudged by a court to be liable for negligence or misconduct in the performance of his duty to the Company, only upon a court determination, that despite the adjudication of liability but in view of all the circumstances of the case, he is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that a person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company, or, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful. As used herein, the term "Indemnifiable Costs" means expenses (including attorneys' fees) actually and reasonably incurred by a person in connection with the defense or settlement of an action, suit or proceeding and, except in the

case of an action by or in the right of the Company, judgments, fines and amounts reasonably paid in settlement thereof.

(2) Any indemnification under subparagraph (1) of this paragraph (C) (unless ordered by a court) shall be made by the Company only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in paragraph (C). Such determination shall be made (i) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the shareholders by resolution adopted by affirmative vote of a majority of the shares present at a meeting.

(3) Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Company in advance of the final disposition of such action, suit or proceeding as authorized by the Board in the specific case upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Company as authorized in this section.

(4) The indemnification provided by this paragraph (C) shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(5) The Company shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Company would have the power to indemnify him against such liability under the provisions of this section.

(6) For purposes of this paragraph (C), references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Company" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this paragraph (C).

9.6 *Authentication Of Documents.* The secretary or any person appointed by the Board for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the shareholders or the Board, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts.

A document purporting to be a copy of a resolution of the Board or the shareholders, or the minutes of a meeting of the Board or the shareholders or an extract therefrom, which is certified as such in accordance with the provisions of the preceding paragraph shall be conclusive evidence in favor of all persons dealing with the Company and sufficient evidence in connection with any legal proceedings that such resolution has been duly passed or, as the case may be, that such minutes or extract therefrom is a true and accurate record of a duly constituted meeting of the Board.

9.7 *Signing of Documents.* Subject to the powers of the Board to determine otherwise, contracts, documents or other instruments in writing may be signed on behalf of the Company by the chairman of the board, president or any other person as may be designated by the Board, president or chairman of the board.

9.8 *Seal.* The Board shall provide for the safe custody of the seal, which shall only be used by the authority of the Board or of a committee of the Board authorized by the Board in that behalf, and every instrument to which the seal shall be affixed shall be signed by the chairman of the board, a vice chairman of the board, the president, a vice president or a director and shall be countersigned by the secretary, an assistant secretary or another director. The Company may exercise the powers conferred by the Companies Seals Act (Bahama Islands).

9.9 *Members.* Any person, firm or corporation who presents a transfer of shares to the Company for registration or on whose behalf such a transfer is so presented shall be deemed to have agreed to become a member of the Company and be subject to clause 4 of the Memorandum of Association of the Company. The Company shall have a maximum of 100,000 members.

9.10 *Act and Memorandum to Control.* To the extent any provision of these Articles may be determined to be in conflict with the Memorandum of Association, the Act or any Exchange Control law, then the provision of the Memorandum of Association, the Act or such law shall control.

brought to you by

http://commodore.international/

commodore international historical society

**this document was generously donated by
don greenbaum**